

**CEDAR CITY, UTAH**  
**FINANCIAL STATEMENTS**  
**and**  
**SUPPLEMENTARY INFORMATION**  
**with**  
**INDEPENDENT AUDITOR'S REPORT**  
**YEAR ENDED JUNE 30, 2006**

**CEDAR CITY, UTAH**  
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Year Ended June 30, 2006

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**FINANCIAL SECTION**

# Wilson & Company

Certified Public Accountants / A Professional Corporation

## Independent Auditor's Report

The Honorable City Council

Cedar City, Utah

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of Cedar City, Utah as of and for the year ended June 30, 2006, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

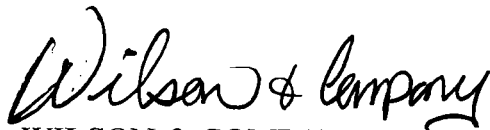
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Cedar City, Utah as of June 30, 2006, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 29, 2006 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis, as listed in the financial section of the table of contents and budgetary comparison information on page 58 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for the purpose of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. The combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements of Cedar City. The combining and individual fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



WILSON & COMPANY  
Certified Public Accountants

Cedar City, Utah  
November 29, 2006

## MANAGEMENT'S DISCUSSION & ANALYSIS

This section of Cedar City's (the City's) annual financial report presents our discussion and analysis of the City's financial performance during the fiscal year ended June 30, 2006. Please read this discussion and analysis in conjunction with the City's financial statements.

### FINANCIAL HIGHLIGHTS

- The City's total net assets at the close of the fiscal year totaled \$149,132,117. This amount is comprised of \$114,069,314 in capital assets net of related debt, \$14,578,550 of restricted net assets and \$20,484,253 in unrestricted net assets.
- Prior to all transfers in and out of the general fund, general fund revenues exceeded expenditures by \$7,947,184. After all transfers, general fund revenues exceeded expenditures by \$800,322. Transfers to the general fund for operating reimbursements and capital expenditures totaled \$896,470. Transfers from the general fund for capital projects, debt service and capital project reserves totaled \$8,043,333. Among the transfers from the general fund was one for \$2,600,000 to the capital improvement fund for future capital projects.
- The general fund's ending unrestricted fund balance of \$3,116,178 represents just over 17.6 percent of the total budgeted expenditures for the fiscal year ending June 30, 2007.
- The City's total long-term debt decreased \$5,850,807, including \$2,717,000, which was defeased or retired early largely using proceeds from property sales. No new debt was issued during the fiscal year.
- Total net assets for the City's business-type activities increased by \$7,158,083.

### OVERVIEW OF THE FINANCIAL STATEMENTS

The City's annual financial report includes: 1) this discussion and analysis, which serves as an introduction to the City's basic financial statements; 2) the basic financial statements comprised of the government-wide financial statements, fund financial statements, and notes to the financial statements; and 3) other supplementary information.

**Government-wide financial statements.** The government-wide financial statements include a statement of net assets and a statement of activities that provide a citywide perspective of the City's overall financial status. These statements are prepared using accrual accounting methods similar to those used in preparing the financial statements of private-sector businesses.

- The *statement of net assets* presents information on all of the City's assets and liabilities. The difference between assets and liabilities represents the City's net assets. Increases or decreases in net assets, when viewed over a period of time, may serve as a useful indicator of whether the financial position of the City is improving or deteriorating, respectively.
- The *statement of activities* presents information reflecting how the City's net assets changed during the fiscal year reported. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs irrespective of the timing of the related cash flows. Thus, all of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

Both of the government-wide financial statements distinguish between governmental activities, those principally supported by taxes and intergovernmental revenues, and business-type activities, those that are intended to recover all or a significant portion of their costs through user fees and charges.

The government-wide financial statements can be found on pages 16-18 of this report.

**Fund financial statements.** A fund is a group of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. This segregation is also used to ensure and demonstrate compliance with finance-related legal requirements. The City utilizes three types of funds: governmental, proprietary, and fiduciary funds.

- *Governmental funds* account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, these statements are prepared using modified accrual accounting methods, which measure cash and other financial assets readily convertible to cash and their balances available for use at year-end. As a result, these statements provide a short-term perspective of the City's general government operations and the basic services provided and may assist in determining the availability of financial resources that could be used in the near future to finance the City's programs.

A reconciliation between the long-term perspective of the government-wide financial statements and the short-term perspective of the fund financial statements is provided on page 20 of this report.

The City has identified three of its governmental funds to be major governmental funds requiring separate reporting. The remaining governmental funds are non-major funds and are included in the combining statements on pages 66-74 of this report.

- *Proprietary funds* account for the same functions and utilize the same accounting methods reported as business-type activities in the government-wide financial statements. Full accrual accounting methods are used and provide both long and short-term financial information. The City uses enterprise funds and an internal



service fund, types of proprietary funds, to account for its seven business-type activities.

Three of the City's enterprise funds qualify as major funds. The remaining four funds are classified as non-major funds and are included in the combining statements on pages 75-77 of this report.

- *Fiduciary funds* account for resources held by the City for the benefit of parties outside the City. The City has a fiduciary responsibility to ensure that these resources are used for their intended beneficiaries and purposes. Fiduciary funds are not reflected in the government-wide financial statements because the resources of these funds cannot be used to finance City programs. The City's fiduciary responsibilities are reported separately in a statement of fiduciary net assets and a statement of changes in fiduciary net assets. These statements are prepared using full accrual accounting methods similar to those used in preparing proprietary fund statements.

Fund financial statements can be found on pages 19-27 of this report.

**Notes to the financial statements.** The notes to the financial statements provide additional information essential to understanding the government-wide and fund financial statements. The notes to the financial statements are on pages 28-57 of this report.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

As was previously noted, increases or decreases in net assets, when viewed over a period of time, may serve as a useful indicator of whether the financial position of the City is improving or deteriorating, respectively. The City's total net assets, assets in excess of liabilities, totaled \$149,132,117.

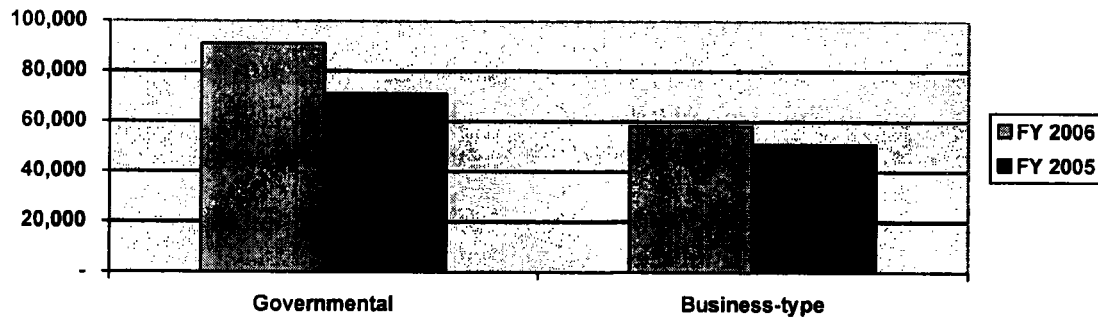
	CEDAR CITY'S NET ASSETS			
	Governmental Activities		Business-type Activities	
	2006	2005	2006	2005
Current and other assets	\$26,149,318	\$24,380,533	\$19,272,142	\$16,783,378
Capital assets	95,382,131	83,319,430	47,805,313	44,006,380
Total assets	121,531,449	107,699,963	67,077,455	60,789,758
Long-term debt outstanding	20,346,880	25,195,024	7,460,000	8,165,000
Other liabilities	10,170,817	11,538,259	1,499,090	1,664,477
Total liabilities	30,517,697	36,733,283	8,959,090	9,829,477
Net assets:				
Invested in capital assets, net of related debt	74,559,242	58,124,406	39,510,072	35,508,870
Restricted	8,472,092	9,304,368	6,106,458	4,045,001
Unrestricted	7,982,418	3,537,907	12,501,835	11,406,410
Total net assets	\$91,013,752	\$70,966,681	\$58,118,365	\$50,960,281

# CHANGES IN CEDAR CITY'S NET ASSETS

	Governmental Activities		Business-type Activities	
	2006	2005	2006	2005
<b>Revenues:</b>				
Program revenues				
Charges for services	\$2,211,397	\$1,709,215	\$7,397,565	\$6,609,334
Operating grants and Contributions	977,125	288,191	24,989	
Capital grants and Contributions	14,186,868	10,350,798	5,192,778	4,928,094
<b>General Revenues</b>				
Property taxes	4,047,089	3,664,721		
Other taxes	7,211,687	6,102,418		
Investment income	687,457	288,846	689,437	365,076
Other revenues	1,517,492	1,269,279		
Gain (loss) on sale/disposal of Assets	2,994,591	(289,045)	(52,598)	28,655
<b>Total revenues</b>	<b>33,833,706</b>	<b>23,384,423</b>	<b>13,252,171</b>	<b>11,931,159</b>
<b>Expenses:</b>				
General government	1,294,424	1,370,538		
Police protection	2,997,152	2,846,030		
Other public safety and inspection services	1,175,968	1,487,412		
Streets and highways	3,153,419	2,893,940		
Parks, cemetery and public Property	1,640,580	618,993		
Culture and recreation	1,489,427	1,512,175		
Public works	489,557	499,000		
Community and economic Development	483,095	429,794		
Transportation services	464,333	468,904		
Interest and fiscal charges	1,009,046	1,104,524		
Golf course			640,847	614,066
Water			2,289,719	1,949,940
Sewer system			641,431	523,914
Regional sewer plant			1,613,240	1,505,965
Solid waste			307,323	219,097
Storm drain			152,700	154,534
Public works facilities			38,464	30,963
<b>Total expenses</b>	<b>14,197,001</b>	<b>13,231,310</b>	<b>5,683,724</b>	<b>4,998,479</b>
<b>Increase in net assets before Transfers</b>	<b>19,636,705</b>	<b>10,153,113</b>	<b>7,568,447</b>	<b>6,932,680</b>
Transfers	410,364	507,523	(410,364)	(507,523)
<b>Increase in net assets</b>	<b>\$20,047,069</b>	<b>\$10,660,636</b>	<b>\$7,158,083</b>	<b>\$6,425,157</b>

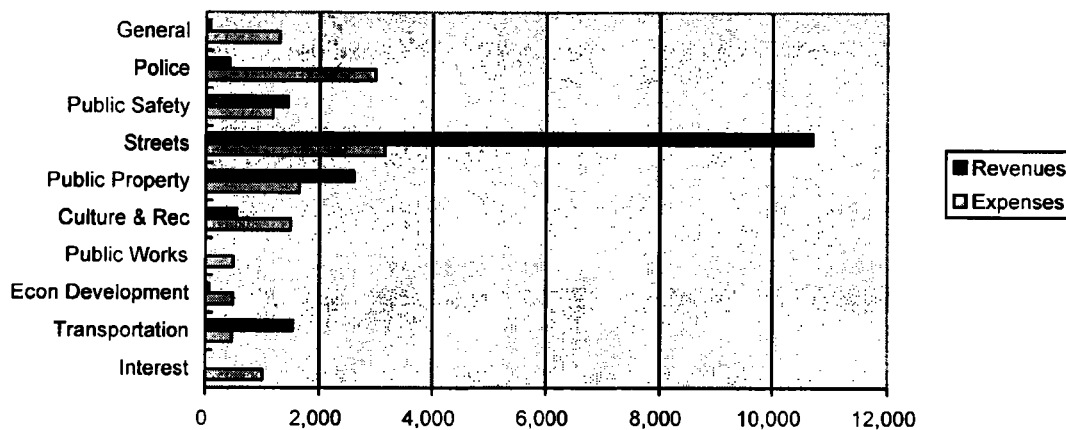
Governmental fund net assets increased from \$70.967 million to \$91.014 million during fiscal year 2006 an increase of 28.2 percent. Business-type net assets increased 14.0 percent from \$50.96 million in fiscal year 2005 to \$58.118 million in fiscal year 2006. This information is displayed in the graph below.

**CEDAR CITY'S NET ASSETS BY FUND TYPE**  
**FY 2006 & FY 2005 COMPARISON**  
(In thousands)

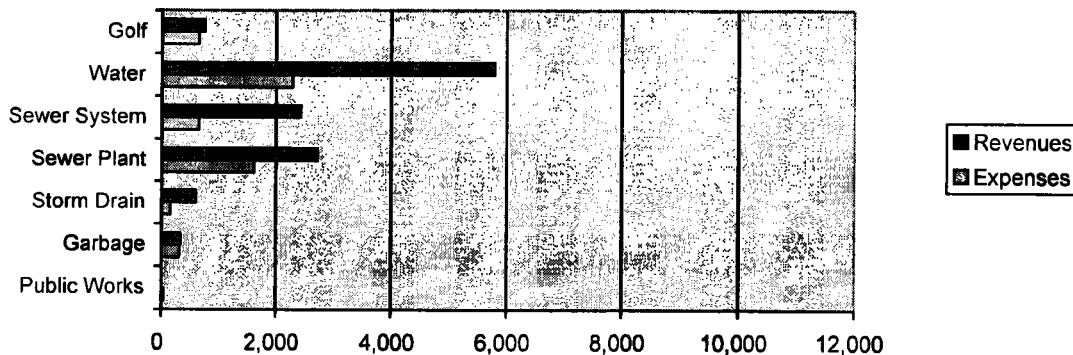


The following charts display program revenues and expenses for governmental activities and business-type activities for fiscal year 2006 as reflected in the statement of activities.

**PROGRAM REVENUES AND EXPENSES**  
**GOVERNMENTAL ACTIVITIES FOR FY 2006**  
(In thousands)



**PROGRAM REVENUES AND EXPENSES  
BUSINESS-TYPE ACTIVITIES FOR FY 2006  
(In thousands)**



**GOVERNMENTAL FUNDS FINANCIAL ANALYSIS**

As was previously noted, the City's governmental funds provide a short-term perspective of the City's general government operations and the financial resources available in the near future to finance the City's programs. Differences between available financial resources and the short-term obligations of general government operations are reported as fund balances. Fund balances are designated as either reserved or unreserved. Reserved fund balances indicate amounts of the fund balance set aside for specific purposes or to meet specific requirements.

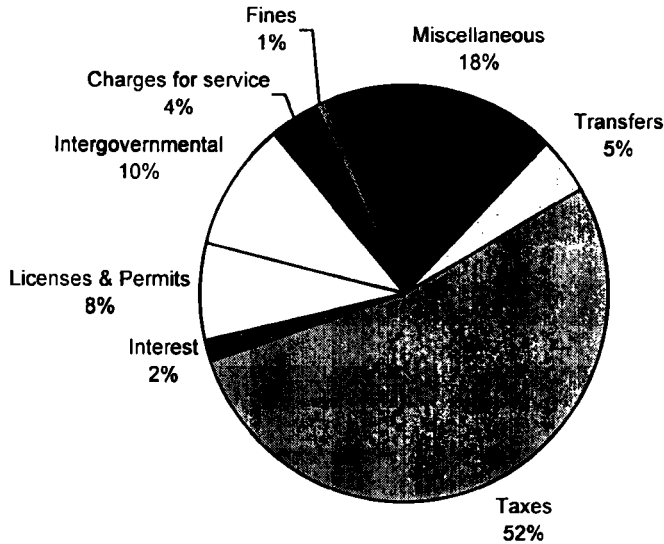
As of June 30, 2006, the City's governmental funds, which include the general fund, all special revenue funds, debt service funds and capital project funds, report a combined fund balance of \$17,126,917. This combined balance represents an increase of \$3,276,864 over last year's ending combined fund balance.

The general fund is the main operating fund of the City. All governmental-type activities not accounted for in a special revenue fund, debt service fund or capital project fund are accounted for in the general fund. Accounting for activities in funds other than the general fund may be required by state regulations, local ordinances, or the City may simply desire to isolate the revenues and expenditures associated with a particular activity for matching purposes.

The general fund fund balance increased \$800,322 to \$5.28 million during the fiscal year ending June 30, 2006. The \$3.12 million unrestricted fund balance represents just over 17.6 percent of budgeted expenditures for the fiscal year ending June 30, 2007. State law requires municipalities maintain a fund balance between 5 and 18 percent of the subsequent year's budget.

The following charts identify general fund revenue sources and function expenditures for fiscal year 2006.

**REVENUES BY SOURCE  
GENERAL FUND FOR FY 2006**



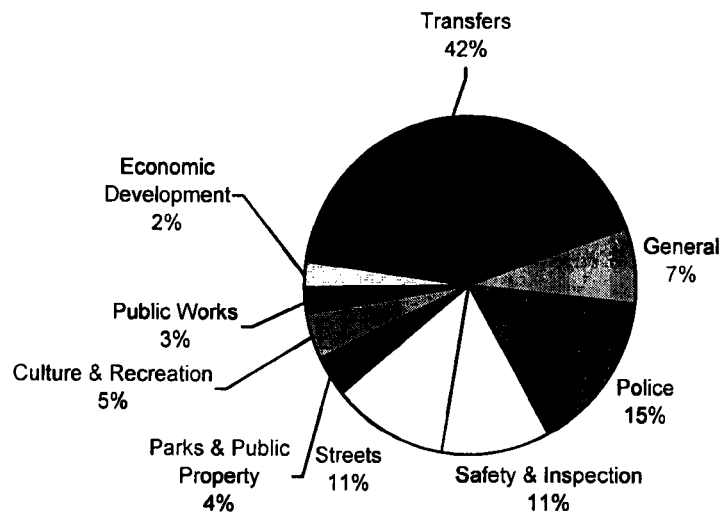
Taxes are the largest source of revenues to the general fund representing approximately 52 percent of total general fund revenues. Sales tax revenues account for approximately 44 percent of all of the tax revenues generated in the general fund while property taxes generated about 32 percent of the tax revenues. The remaining tax revenue is generated from franchise and energy taxes.

Miscellaneous revenues make up approximately 18 percent of the general fund revenues, the second largest category for fiscal year 2006. Approximately 93 percent of this revenue was generated from the sale of land near Exit 57 on Interstate 15 and in the City's industrial park. The remaining 7 percent came from rents on City property and private grants.

Intergovernmental revenues comprised of federal, state and local payments and grants account for 10 percent of the general fund revenues. Approximately 41 percent of this revenue comes from the State of Utah road funds. Payments from Iron County for services provided to the County by the City account for an additional 21 percent of intergovernmental revenues.

License and permit revenues, transfers to the general fund from other governmental and enterprise funds, charges for services, fines and interest are the remaining categories of revenue within the general fund. When combined, these categories account for approximately 20 percent of general fund revenues.

## EXPENDITURES BY FUNCTION GENERAL FUND FOR FY 2006



Transfers from the general fund to other governmental funds accounted for 42 percent of the total expenditures in the general fund. Approximately 51 percent of these transfers were made to meet debt service obligations and to defease or retire early over \$2.7 million of bonds. An additional 43 percent of total transfers from the general fund were to capital project funds for current or anticipated capital projects. The remaining 6 percent of transfers were made to special revenue and the internal service funds.

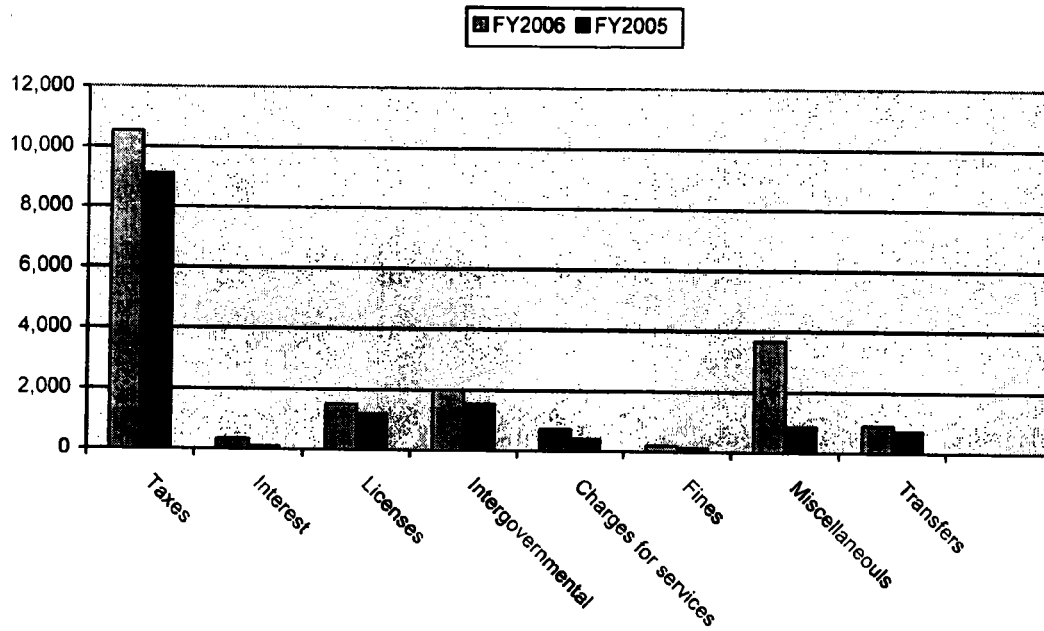
The second largest category of general fund expenditures, police functions, accounted for 15 percent of all general fund expenditures. Approximately 92 percent of the police expenditures were operating expenditures.

Expenditures associated with streets and highways and other public safety and inspection functions each totaled 11 percent of all general fund expenditures and comprised the third and fourth largest categories in the general fund. Approximately 16 percent of all street and highway expenditures and 41 percent of all other public safety and inspection expenditures were for capital improvements.

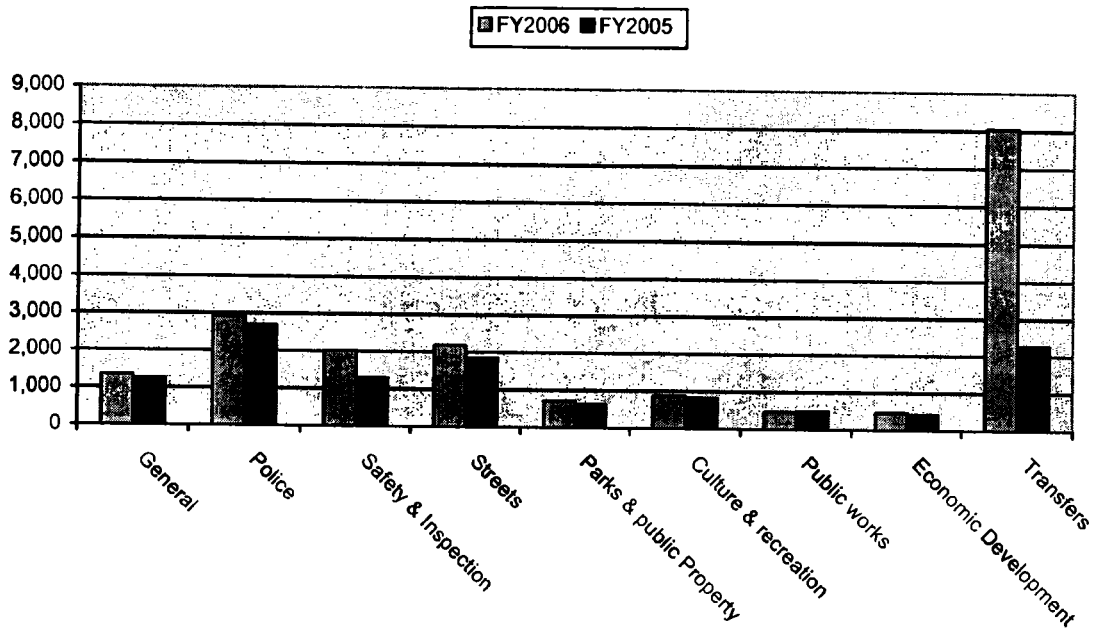
General government, culture and recreation, parks and public property, public works and economic development comprise the remaining categories of expenditures in the general fund. The combined percentage of expenditures in these categories accounted for 21 percent of total general fund expenditures.

The following charts compare fiscal year 2005 and 2006 general fund revenues and expenditures by source and function.

**REVENUES BY SOURCE**  
**GENERAL FUND COMPARISON FY 2006 & FY 2005**  
(In thousands)



**EXPENDITURES BY FUNCTION**  
**GENERAL FUND COMPARISON FY 2006 & FY 2005**  
(In thousands)



As was previously noted, the City maintains six enterprise funds and one internal service fund to account for its business-type activities. The separate fund statements provide the same information, with more detail, as the information provided for business-type activities in the government-wide financial statements.

## **GENERAL FUND BUDGETARY HIGHLIGHTS**

The fiscal year 2006 originally adopted budget for the general fund totaled \$13,952,403. The City Council approved two budget revisions during the year. The first revision increased the budget by \$3,227,415. Four main issues necessitated this revision. First, the City sold property near Exit 57 of Interstate 15 and in the City's industrial park and used the proceeds to defease or retire early bonds associated with the airport terminal and industrial park rail road spur. Second, the City purchased two parcels of property. Third, capital projects that were anticipated to be complete at the end of the fiscal year 2005 were not complete. Thus, the unspent funds were appropriated for completion of the projects in fiscal year 2006. Fourth, grant revenues were secured subsequent to adoption of the original budget.

The second revision increased the budget an additional \$3,392,230. Over \$3,000,000 of this increase was to accommodate transfers from the general fund to the debt service and capital improvement funds for additional debt retirement and future capital projects.

Actual general fund expenditures and transfers for the year ending June 30, 2006, totaled \$19,038,411. This amount is \$1,533,637 below the final revised budget and \$5,086,008 above the originally adopted budget.

## **CAPITAL ASSET AND DEBT ADMINISTRATION**

### **Capital Assets**

As of June 30, 2006, the City had invested \$143,187,444, net of accumulated depreciation, in capital assets for its governmental and business-type activities.

#### **CEDAR CITY'S CAPITAL ASSETS**

	(net of depreciation)			
	Governmental Activities		Business-type Activities	
	2006	2005	2006	2005
Land and water rights	\$36,590,675	\$29,665,549	\$2,392,076	\$1,806,606
Buildings	30,496,328	25,136,701	1,926,832	1,364,798
Improvements	23,193,102	20,431,810	39,694,014	36,771,511
Office equipment	252,056	224,146	3,058	3,607
Machinery and equipment	648,104	663,157	822,547	523,926
Automobiles and trucks	2,296,632	1,826,243	675,031	761,000
Construction in progress	1,905,234	5,371,824	2,291,755	2,774,932
Total	<u>\$95,382,131</u>	<u>\$83,319,430</u>	<u>\$47,805,313</u>	<u>\$44,006,380</u>



Capital assets costing \$50,000 or more that have been added to the City's capital asset list during the current fiscal year include:

- \$386,230 for a heavy rescue fire truck funded with grant proceeds
- \$115,000 for two specialized fire trucks donated by a private entity
- \$122,192 for two public transportation buses funded with grant proceeds and general fund resources
- \$5,945,327 for a City airport terminal building funded with grant and bond proceeds.
- \$2,173,956 for three new water wells funded with water fund resources and impact fees
- \$120,276 for a public works service bay building funded with an inter-fund loan from the water fund
- \$6,521,774 for right of way acquisitions funded with C road funds, transportation impact fees, capital improvement funds, annexation and developer-contributed improvements
- \$3,927,677 for street improvements funded with C road funds, transportation impact fees, capital improvement funds, annexation and developer-contributed improvements
- \$1,668,307 for water system improvements funded with water fund resources, water impact fees and developer-contributed improvements
- \$1,349,179 for sewer system improvements funded with sewer collection fund resources, sewer impact fees and developer-contributed improvements
- \$69,736 for landscape improvements at Bicentennial Park funded with park impact fees
- \$155,075 for stall coverings at the Cross Hollow Center funded with capital lease proceeds
- \$403,351 for .95 acres of property funded with capital improvement funds
- \$585,470 for water rights funded with water fund resources

Additional information regarding the City's capital assets can be found in the footnotes to the financial statements.

State statute limits the amount of debt a city may issue to four percent of the fair market value of the taxable property within the city's jurisdiction, which totaled over \$1.626 billion for tax year 2005. An additional eight percent of indebtedness may be issued for water, sewer or electricity when such public works are owned and controlled by the city. Cedar City's debt limit based on 2005 fair market values is \$195,153,215 comprised of \$65,051,072 for the four percent and \$130,102,143 for the additional eight percent. In any case, the City's outstanding debt is significantly below the statutory debt limits.

At June 30, 2006, the City had total debt outstanding of \$28,507,891. Of this amount, \$4,213,000 is considered general obligation debt, which is secured by the full faith and credit of the City. Special assessment debt for which the City is liable if property owners fail to pay their related assessments totaled \$3,128,000. The remaining debt of \$21,166,891 is secured by future cash flows from specific revenue sources.

## CEDAR CITY'S OUTSTANDING DEBT

	Governmental Activities		Business-type Activities	
	2006	2005	2006	2005
General obligation bonds	\$4,213,000	\$4,610,000		
Sales tax revenue bonds	80,000	2,784,000		
Redevelopment Agency:				
Tax increment bonds	1,615,000	2,120,000		
Commercial loan	120,880	271,024		
Municipal Building Authority:				
Lease revenue bonds	11,190,000	11,695,000		
Special improvement districts:				
Assessment bonds	3,128,000	3,715,000		
Revenue bonds			\$7,460,000	\$8,165,000
Capital leases	476,008	666,164	225,003	332,510
Total	<u>\$20,822,888</u>	<u>\$25,861,188</u>	<u>\$7,685,003</u>	<u>\$8,497,510</u>

During the fiscal year, the City did not issue any additional debt. The following bond amounts were defeased or paid off prior to their maturity dates:

- \$1,126,000 on the Sales Tax Revenue Bonds, Series 2002
- \$135,000 on the General Obligation Bonds, Series 2003
- \$1,456,000 on the Sales Tax Revenue Bonds, Series 2004

When the 2003 Library General Obligation bond was issued, Standard Poors Rating Service assigned an underlying (non-credit enhanced) rating of A to this issue.

Additional information on the outstanding debt of the City is located in the footnotes to the financial statements.

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- The 2005 annual average unemployment rate for Iron County, of which Cedar City is the largest city, was 3.8 percent. This percentage is lower than Utah's annual average unemployment rate of 4.3 percent and the national annual average unemployment rate of 5.1 percent for the same period. (Source: U.S. Department of Labor and Utah Department of Workforce Services)
- The fiscal year 2007 general fund budget reflects a decrease of 14 percent over the fiscal year 2006 final general fund budget. However, when compared to fiscal year 2006 actual expenditures, the fiscal year 2007 budget represents a decrease of approximately 7 percent. The fiscal year 2006 budget was higher largely due to property sales and the retirement of long-term debt with those proceeds.
- Building permits issued during calendar year 2005 for single-family dwellings totaled 495 compared to 244 for calendar year 2004. Total building permits for the same

period were 754 and 490, respectively. The average cost of constructing a single-family home in 2005 was \$155,090, down from the average cost of \$157,013 in 2004. (Source: Cedar City Building Department)

## **REQUESTS FOR FINANCIAL INFORMATION**

This financial report is designed to provide users with a general overview of the City's finances and demonstrate accountability for the sources and uses of City funding. Questions concerning information contained in this report or requests for additional financial information should be addressed to the Finance Director, Cedar City Corporation, 10 North Main, Cedar City, Utah, 84720.

## **BASIC FINANCIAL STATEMENTS**

# CEDAR CITY CORPORATION

## Statement of Net Assets

June 30, 2006

	Governmental Activities	Business Type Activities	Total
<b>Assets:</b>			
Current assets:			
Cash & cash equivalents	\$ 18,077,605	\$ 16,633,249	\$ 34,710,853
Special assessments receivable	3,005,935		3,005,935
Accounts receivable	1,519,819	735,834	2,255,653
Receivable from other governmental entities		262,631	262,631
Pre-paid expenses	23,303		23,303
Property tax receivable	3,298,755		3,298,755
Note receivable		1,254,092	1,254,092
Due from other funds	223,902	386,336	610,238
Construction in progress	1,905,234	2,291,755	4,196,989
Capital assets, net of accumulated depreciation	93,476,897	45,513,558	138,990,454
Total assets	<u>121,531,449</u>	<u>67,077,455</u>	<u>188,608,904</u>
<b>Liabilities and Net Assets</b>			
Liabilities:			
Accounts payable	811,732	318,467	1,130,199
Payroll taxes payable	59,177		59,177
Wages payable	249		249
Compensated absences payable	481,265	106,788	588,053
Deposits payable		59,225	59,225
Accrued interest payable	191,141	137,786	328,927
Other payables	1,753,516	31,198	1,784,714
Due to other funds		610,238	610,238
Capital lease obligations payable - due within one year	196,191	53,590	249,781
Capital lease obligations payable - due after one year	279,817	171,413	451,230
Deferred revenue	3,098,973	1,500	3,100,473
Deferred revenue - property taxes	3,298,755		3,298,755
Liability for closure and post closure costs		8,885	8,885
Bonds payable			
Portion due within one year	2,043,880	720,000	2,763,880
Portion due after one year	18,303,000	6,740,000	25,043,000
Total liabilities	<u>30,517,697</u>	<u>8,959,090</u>	<u>39,476,787</u>
<b>Net Assets:</b>			
Invested in capital assets, net of related debt	74,559,242	39,510,072	114,069,314
Restricted for:			
Capital projects	237,652		237,652
Debt service	1,824,353	1,752,657	3,577,010
Community development	5,248,225	4,353,801	9,602,026
Other purposes	1,161,862		1,161,862
Unrestricted	7,982,418	12,501,835	20,484,253
Total net assets	<u>\$ 91,013,752</u>	<u>\$ 58,118,365</u>	<u>\$ 149,132,117</u>

The notes to the financial statements are an integral part of this statement.

**CEDAR CITY CORPORATION**  
**Statement of Activities**  
Year Ended June 30, 2006

Functions	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Governmental activities:</b>					
General government	\$ 1,294,424	\$ 29,740	\$ 48,710	\$ -	\$ (1,215,974)
Police protection	2,997,152	300,750	47,748	59,519	(2,589,135)
Other public safety & inspection services	1,175,968	687,623	544,548	202,425	258,628
Streets & highways	3,153,419	6,042	-	10,681,676	7,534,299
Parks, cemetery, and public property	1,640,580	475,322	59,502	2,082,676	976,920
Culture & recreation	1,489,427	436,966	77,991	29,592	(944,878)
Public works	489,557	-	-	-	(489,557)
Community & economic development	483,095	52,673	13,700	-	(416,722)
Transportation services	464,333	222,281	184,926	1,130,980	1,073,854
Interest and fiscal charges	1,009,046	-	-	-	(1,009,046)
Total governmental activities	14,197,002	2,211,397	977,125	14,186,868	3,178,388
<b>Business-type activities:</b>					
Water	2,289,719	2,807,736		2,982,846	3,500,863
Sewer system	641,431	742,397		1,685,931	1,786,897
Regional sewer plant	1,613,240	2,620,768		103,327	1,110,854
Golf course	640,847	742,057			101,210
Public works facilities	38,464	-			(38,464)
Storm drain utility fund	152,700	152,914	24,989	420,674	445,877
Solid waste	307,323	331,693			24,370
Total business-type activities	5,683,725	7,397,565	24,989	5,192,778	6,931,607
Total government	\$ 19,880,727	\$ 9,608,962	\$ 1,002,114	\$ 19,379,646	\$ 10,109,995

(Continued on page 18)

**CEDAR CITY CORPORATION**  
**Statement of Activities**  
Year Ended June 30, 2006

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>Changes in net assets</b>			
<b>Net (expense) revenue from previous page</b>	\$ 3,178,388	\$ 6,931,607	\$ 10,109,995
<b>General revenues:</b>			
Taxes:			
Property taxes, levied for general purposes	3,334,026		3,334,026
Property taxes, levied for redevelopment	713,063		713,063
Franchise taxes	2,102,545		2,102,545
Fees-in-lieu of taxes	445,856		445,856
General sales and use taxes	4,663,286		4,663,286
Earnings on investments	687,457	689,438	1,376,895
Licenses & permits	1,500,591		1,500,591
Miscellaneous	16,902		16,902
Gain (loss) on sale/disposal of assets	2,994,591	(52,598)	2,941,993
Operating transfers	410,364	(410,364)	-
<b>Total general revenues and transfers</b>	<u>16,868,681</u>	<u>226,476</u>	<u>17,095,157</u>
Increase in net assets	20,047,069	7,158,083	27,205,152
<b>Net assets - beginning</b>	<u>70,966,683</u>	<u>50,960,282</u>	<u>121,926,965</u>
<b>Net assets - ending</b>	<u>\$ 91,013,752</u>	<u>\$ 58,118,365</u>	<u>\$ 149,132,117</u>

The notes to the financial statements are an integral part of this statement.

## **FUND FINANCIAL STATEMENTS**



# **CEDAR CITY CORPORATION**

## **Balance Sheet**

### **Governmental Funds**

June 30, 2006

	General	Special Improvement 1993-1 Debt Service Fund	Special Improvement 2002-1 Debt Service Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets:</b>					
Cash & cash equivalents	\$ 6,866,127	\$ -	\$ 352,591	\$ 11,479,663	\$ 18,698,382
Special assessments receivable		990,421	1,057,008	958,506	3,005,935
Other receivables	519,104			1,000,715	1,519,819
Pre-paid expenditures	7,114			16,189	23,303
Due from other funds	223,902				223,902
<b>Total assets</b>	<u>\$ 7,616,248</u>	<u>\$ 990,421</u>	<u>\$ 1,409,599</u>	<u>\$ 13,455,074</u>	<u>\$ 23,471,342</u>
<b>Liabilities:</b>					
Cash with negative balances	\$ -	\$ -	\$ -	\$ 620,777	\$ 620,777
Accounts payable	429,793			381,939	811,732
Payroll taxes payable	59,177				59,177
Wages payable	249				249
Other payables	1,753,516				1,753,516
Deferred revenue	90,538	990,421	1,057,008	961,006	3,098,973
<b>Total liabilities</b>	<u>2,333,274</u>	<u>990,421</u>	<u>1,057,008</u>	<u>1,963,722</u>	<u>6,344,425</u>
<b>Fund balances:</b>					
Reserved	2,166,796		352,591	5,952,706	8,472,093
Unreserved, undesignated	3,116,178	-	-	5,538,646	8,654,824
<b>Total fund balances</b>	<u>5,282,974</u>	<u>-</u>	<u>352,591</u>	<u>11,491,352</u>	<u>17,126,917</u>
<b>Total liabilities and fund balances</b>	<u>\$ 7,616,248</u>	<u>\$ 990,421</u>	<u>\$ 1,409,599</u>	<u>\$ 13,455,074</u>	<u>\$ 23,471,342</u>

The notes to the financial statements are an integral part of this statement.

**CEDAR CITY CORPORATION**  
**Reconciliation of the Balance Sheet of Governmental Funds**  
**to the Statement of Net Assets**  
**June 30, 2006**

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Amounts reported for governmental activities in the statement of net assets are different because:

<b>Total fund balance - governmental funds</b>	\$ 17,126,917
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$112,779,498 and the accumulated depreciation is \$19,302,602.	93,476,896
Construction in progress of long-term assets	1,905,234
Long-term Obligations	(21,495,295)
<b>Total net assets - governmental activities</b>	<u><u>\$ 91,013,752</u></u>

The notes to the financial statements are an integral part of this statement.

**CEDAR CITY CORPORATION**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**Year Ended June 30, 2006**

	General	Special Improvement 1993-1 Debt Service Fund	Special Improvement 2002-1 Debt Service Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES:</b>					
Taxes	\$ 10,513,660	\$ -	\$ -	\$ 745,117	\$ 11,258,776
Interest earnings	326,389	-	12,448	348,620	687,457
Licenses & permits	1,500,591	-	-	-	1,500,591
Intergovernmental revenues	2,008,272	-	-	1,798,499	3,806,771
Charges for services	729,613	-	-	230,698	960,311
Fines & forfeitures	198,864	-	-	-	198,864
Miscellaneous	3,664,876	90,536	196,454	2,434,402	6,386,267
Total revenues	<u>18,942,264</u>	<u>90,536</u>	<u>208,902</u>	<u>5,557,335</u>	<u>24,799,036</u>
<b>EXPENDITURES:</b>					
General government	1,351,210	-	-	32,053	1,383,263
Police protection	2,920,914	-	-	-	2,920,914
Other public safety & inspection services	2,011,836	-	-	60,376	2,072,212
Streets & highways	2,182,883	-	-	-	2,182,883
Parks, cemetery, & public property	711,212	-	-	302,276	1,013,488
Culture & recreation	871,555	-	-	523,817	1,395,372
Public works	479,265	-	-	-	479,265
Community & economic development	466,205	-	-	-	466,205
Transportation services	-	-	-	500,029	500,029
Capital outlay	-	-	-	3,612,564	3,612,564
Debt service:					
Principal retirements	-	-	149,000	4,708,179	4,857,179
Interest & fiscal charges	-	-	59,428	989,733	1,049,161
Total expenditures	<u>10,995,080</u>	<u>-</u>	<u>208,428</u>	<u>10,729,027</u>	<u>21,932,535</u>
Excess of revenues over (under) expenditures	<u>7,947,184</u>	<u>90,536</u>	<u>474</u>	<u>(5,171,692)</u>	<u>2,866,501</u>
<b>OTHER FINANCING SOURCES (USES):</b>					
Debt proceeds	-	-	-	-	-
Operating transfers in	896,470	-	-	9,255,706	10,152,176
Operating transfers out	(8,043,333)	(90,536)	-	(1,607,944)	(9,741,813)
Total other financing sources (uses)	<u>(7,146,862)</u>	<u>(90,536)</u>	<u>-</u>	<u>7,647,761</u>	<u>410,363</u>
Excess of revenues and other sources over (under) expenditures and other uses	<u>800,322</u>	<u>-</u>	<u>474</u>	<u>2,476,069</u>	<u>3,276,864</u>
FUND BALANCES JULY 1	<u>4,482,652</u>	<u>-</u>	<u>352,117</u>	<u>9,015,284</u>	<u>13,850,053</u>
FUND BALANCES JUNE 30	<u>\$ 5,282,974</u>	<u>\$ -</u>	<u>\$ 352,591</u>	<u>\$ 11,491,352</u>	<u>\$ 17,126,917</u>

The notes to the financial statements are an integral part of this statement.

**CEDAR CITY CORPORATION**  
**Reconciliation of the Statement of Revenues, Expenditures, and Changes in**  
**Fund Balances of Government Funds to the Statement of Activities**  
**Year Ended June 30, 2006**

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Amounts reported for governmental activities in the statement of activities are different because:

**Net change in fund balances-total governmental funds** **\$ 3,276,864**

Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets with an initial, individual cost of more than \$5,000 are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital outlays	5,074,062	
Depreciation expense	<u>(2,419,519)</u>	
		2,654,543

The governmental funds report bond proceeds as an other financing source, while repayment of bond principal is reported as an expenditure. Also, governmental funds report the effect of issuance costs and premiums when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. Interest is recognized as an expenditure in the governmental funds when it is due. In the statement of activities, interest expense is recognized as it accrues, regardless of when it is due. The net effect of these differences in the treatment of general obligation bonds and related items is as follows:

Debt proceeds		
Repayment of bond principal	4,857,179	
Accrued Interest expense (Net)	<u>40,115</u>	
		4,897,294

Long-term capital lease payments are recorded as expenditures as paid 190,156

Net increase in compensated absences payable (6,460)

Contributions 9,440,218

Loss on sale of assets (405,546)

**Change in net assets of governmental activities** **\$ 20,047,069**

**CEDAR CITY CORPORATION**  
**Statement of Net Assets**  
**Major Proprietary Funds**  
**June 30, 2006**

	<u>Water</u>	<u>Sewer Collection System</u>	<u>Regional Sewer Plant</u>	<u>Non-major Proprietary Funds</u>	<u>Total</u>
<b>Assets</b>					
Current assets:					
Cash & cash equivalents	\$ 6,828,325	\$ 1,539,871	\$ 7,187,516	\$ 1,077,537	\$ 16,633,249
Accounts receivable (net of allowance)	364,749	63,993	240,737	66,354	735,834
Receivable from other governmental entities				262,631	262,631
Pre-paid expenses					-
Due from other funds	386,336				386,336
Total current assets	<u>7,579,409</u>	<u>1,603,865</u>	<u>7,428,254</u>	<u>1,406,522</u>	<u>18,018,050</u>
Long-term assets:					
Note receivable	1,254,092				1,254,092
Construction in progress	1,182,492	489,565	23,736	595,962	2,291,755
Capital assets (net of accumulated depreciation)	20,059,851	11,854,727	9,000,588	4,598,391	45,513,558
Total long-term assets	<u>22,496,436</u>	<u>12,344,292</u>	<u>9,024,324</u>	<u>5,194,353</u>	<u>49,059,405</u>
Total assets	<u>30,075,845</u>	<u>13,948,157</u>	<u>16,452,578</u>	<u>6,600,875</u>	<u>67,077,455</u>
<b>Liabilities and Net Assets</b>					
Liabilities:					
Current liabilities:					
Accounts payable	195,686	40,994	19,037	62,749	318,467
Other payables	16,199	14,999			31,198
Accrued interest		6,450	129,219	2,117	137,786
Deposits payable	59,225				59,225
Compensated absences payable	36,223	10,753	18,982	40,830	106,788
Deferred revenue				1,500	1,500
Capital leases payable within one year		53,590			53,590
Bonds payable within one year		50,000	660,000	10,000	720,000
Due to other funds				610,238	610,238
Total current liabilities	<u>307,333</u>	<u>176,786</u>	<u>827,239</u>	<u>727,434</u>	<u>2,038,792</u>
Non-current liabilities					
Liability for closure and post closure costs				8,885	8,885
Capital leases payable after one year		171,413			171,413
Bonds payable after one year		55,000	6,568,000	117,000	6,740,000
Total non-current liabilities	<u>-</u>	<u>226,413</u>	<u>6,568,000</u>	<u>125,885</u>	<u>6,920,298</u>
Total liabilities	<u>307,333</u>	<u>403,199</u>	<u>7,395,239</u>	<u>853,319</u>	<u>8,959,090</u>
Net assets:					
Invested in capital assets, net of related debt	21,242,344	12,014,289	1,796,324	4,457,115	39,510,072
Restricted for:					
Debt service		127,054	1,625,603	-	1,752,657
Community development	2,345,356	1,177,371	267,876	563,198	4,353,801
Unrestricted	6,180,812	226,244	5,367,535	727,243	12,501,835
Total net assets	<u>\$ 29,768,512</u>	<u>\$ 13,544,958</u>	<u>\$ 9,057,339</u>	<u>\$ 5,747,556</u>	<u>\$ 58,118,365</u>

The notes to the financial statements are an integral part of this statement.

**CEDAR CITY CORPORATION**  
**Statement of Revenues, Expenses and Changes in Net Assets**  
**Major Proprietary Funds**  
**Year Ended June 30, 2006**

	Water	Sewer Collection System	Regional Sewer Plant	Non-major Proprietary Funds	Total
<b>Operating revenues:</b>					
Charges for services	\$ 2,741,403	\$ 735,425	\$ 2,617,198	\$ 1,223,538	\$ 7,317,564
Penalties	63,357				63,357
Miscellaneous	2,975	6,972	3,570	3,127	16,644
Total operating revenues	2,807,736	742,397	2,620,768	1,226,664	7,397,565
<b>Operating expenses:</b>					
Salaries	377,807	166,944	254,303	410,964	1,210,018
Employees benefits	150,263	15,779	128,562	165,600	460,205
Utilities	470,031	19,143	155,795	54,081	699,050
Professional services	14,321	1,343	7,038	2,881	25,584
Repairs and maintenance	629,102	35,793	68,804	143,186	876,885
Insurance	12,499	12,900	15,405	10,200	51,004
Miscellaneous	17,971	53,145	36,208	55,541	162,866
Supplies	72,897	14,710	65,103	140,864	293,574
Bad debt expense	9,204	313	1,177	694	11,388
Closure and post closure expenses				8,885	8,885
Depreciation	535,624	313,914	666,075	143,180	1,658,793
Total operating expenses	2,289,719	633,985	1,398,470	1,136,077	5,458,252
Operating income (loss)	518,017	108,412	1,222,298	90,587	1,939,313
<b>Nonoperating income:</b>					
Interest earnings	343,659	63,404	246,223	36,151	689,437
Impact fees	1,517,942	388,848	83,525	420,674	2,410,989
Grant revenue	16,659	18,815	19,802	24,989	80,265
Gain (loss) on disposal of assets	(43,787)	(8,811)			(52,598)
Interest & fiscal charges		(7,446)	(214,770)	(3,258)	(225,474)
Total nonoperating income	1,834,473	454,810	134,780	478,556	2,902,618
Income before transfers/contributions	2,352,489	563,222	1,357,078	569,143	4,841,932
Contributions	1,448,245	1,278,268			2,726,514
Transfers in	16,033			273,915	289,948
Transfers out	(351,962)	(125,405)	(92,000)	(130,945)	(700,311)
Change in net assets	3,464,806	1,716,085	1,265,078	712,114	7,158,083
Net assets - beginning	26,303,706	11,828,873	7,792,261	5,035,442	50,960,282
Net assets - ending	\$ 29,768,512	\$ 13,544,958	\$ 9,057,339	\$ 5,747,556	\$ 58,118,365

The notes to the financial statements are an integral part of this statement.

**CEDAR CITY CORPORATION**  
**Statement of Cash Flows**  
**Major Proprietary Funds**  
Year Ended June 30, 2006

	<u>Water</u>	<u>Sewer Collection System</u>	<u>Regional Sewer Plant</u>	<u>Non-major Proprietary Funds</u>	<u>Total</u>
<b>Cash flows from operating activities:</b>					
Cash received from customers	\$ 2,781,289	\$ 738,675	\$ 2,606,767	\$ 1,315,380	\$ 7,442,111
Cash payments to suppliers for goods and services	(1,184,433)	(110,681)	(350,816)	(488,236)	(2,134,166)
Cash payments to employees for services	(524,341)	(176,000)	(380,390)	(575,675)	(1,656,406)
Net cash provided (used) by operating activities	<u>1,072,515</u>	<u>451,994</u>	<u>1,875,561</u>	<u>251,469</u>	<u>3,651,540</u>
<b>Cash flows from noncapital financing activities:</b>					
Operating transfers from other funds	16,033	-	-	240,915	256,948
Operating transfers to other funds	(351,962)	(134,348)	(92,000)	(97,945)	(676,255)
Net cash (used) by noncapital financing activities	<u>(335,929)</u>	<u>(134,348)</u>	<u>(92,000)</u>	<u>142,970</u>	<u>(419,307)</u>
<b>Cash flows from capital and related financing activities:</b>					
Cash received from impact fees	1,517,942	388,848	83,525	420,674	2,410,989
Other receipts (payments)	16,659	1,191	19,802	2,109	39,761
Acquisition of capital assets	(1,890,826)	(523,084)	(41,036)	(311,240)	(2,766,186)
Interest paid on capital debt	-	(9,305)	(225,858)	(3,424)	(238,587)
Principal paid on capital debt	-	(101,907)	(645,000)	(65,600)	(812,507)
Net cash (used) by capital and related activities	<u>(356,225)</u>	<u>(244,257)</u>	<u>(808,567)</u>	<u>42,519</u>	<u>(1,366,530)</u>
<b>Cash flows from investing activities</b>					
Interest received	343,659	63,404	246,223	36,151	689,437
Net cash (used) by investing activities	<u>343,659</u>	<u>63,404</u>	<u>246,223</u>	<u>36,151</u>	<u>689,437</u>
Net increase in cash and cash equivalents	<u>724,020</u>	<u>136,793</u>	<u>1,221,217</u>	<u>473,109</u>	<u>2,555,140</u>
<b>Cash and Cash Equivalents - Beginning</b>	<u>6,104,305</u>	<u>1,403,078</u>	<u>5,966,299</u>	<u>604,428</u>	<u>14,078,110</u>
<b>Cash and Cash Equivalents - Ending</b>	<u>\$ 6,828,325</u>	<u>\$ 1,539,871</u>	<u>\$ 7,187,516</u>	<u>\$ 1,077,537</u>	<u>\$ 16,633,249</u>
 <b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>					
Operating income (loss)	\$ 518,017	\$ 108,412	\$ 1,222,298	\$ 90,587	\$ 1,939,313
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation expense	535,624	313,914	666,075	143,181	1,658,794
Increase decrease accounts receivable	(26,446)	(3,722)	(14,002)	85,690	41,520
Increase decrease in accounts payable	41,591	26,666	(1,284)	(65,912)	1,061
Increase decrease in compensated absences	3,729	6,724	2,475	(2,077)	10,851
Total adjustments	<u>554,498</u>	<u>343,582</u>	<u>653,264</u>	<u>160,882</u>	<u>1,712,227</u>
Net cash provided (used) by operating activities	<u>\$ 1,072,515</u>	<u>\$ 451,994</u>	<u>\$ 1,875,561</u>	<u>\$ 251,469</u>	<u>\$ 3,651,540</u>

The notes to the financial statements are an integral part of this statement.

**CEDAR CITY CORPORATION**  
**Statement of Fiduciary Net Assets**  
**Agency Funds**  
**June 30, 2006**

	<b>Task Force Trust</b>	<b>Festival City Foundation</b>	<b>Employee Flexible Spending</b>	<b>Color Country Resource Conservation and Development</b>	<b>Total</b>
<b>Assets</b>					
Current assets:					
Cash & cash equivalents	\$ 84,893	\$ 341,351	\$ 4,363	\$ 76	\$ 430,683
Long-term assets:					
Land		279,619			279,619
Buildings (Less Accumulated depreciation)		1,343,847			1,343,847
Total assets	<u>\$ 84,893</u>	<u>\$ 1,964,817</u>	<u>\$ 4,363</u>	<u>\$ 76</u>	<u>\$ 2,054,149</u>
<b>Liabilities</b>					
Liabilities :					
Due to others	84,893	1,964,817	4,363	76	2,054,149
Total liabilities	<u>\$ 84,893</u>	<u>\$ 1,964,817</u>	<u>\$ 4,363</u>	<u>\$ 76</u>	<u>\$ 2,054,149</u>



**CEDAR CITY CORPORATION**  
**Statement of Changes in Assets and Liabilities**  
**Agency Funds**  
**June 30, 2006**

	<u>Net Assets at June 30, 2005</u>	<u>Additions</u>	<u>Deductions</u>	<u>Net Assets at June 30, 2006</u>
<b>Assets:</b>				
Cash & investments	\$ 440,148	\$ 131,793	\$ 141,258	\$ 430,683
Note receivable	66,467		66,467	-
Land	279,619			279,619
Buildings (net of accumulated depreciation)	1,345,902	26,586	28,641	1,343,847
Total assets	<u>\$ 2,132,136</u>	<u>\$ 158,379</u>	<u>\$ 236,366</u>	<u>\$ 2,054,149</u>
<b>Liabilities:</b>				
Deposits payable				
Employee flexible spending	\$ 3,334	\$ 64,876	\$ 65,905	\$ 4,363
Color Country Resource Conservation and Development	17,306	17,306		-
Due to other agencies				-
Task force trust	84,105	5,000	5,788	84,893
Festival City Foundation	1,991,839	57,706	30,684	1,964,817
Color Country Resource Conservation and Development	35,552	35,552	76	76
Total liabilities	<u>\$ 2,132,136</u>	<u>\$ 180,440</u>	<u>\$ 102,453</u>	<u>\$ 2,054,149</u>

**CEDAR CITY, UTAH**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2006

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of Cedar City, Utah have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the City are described below.

**Reporting Entity** - As required by GAAP, these financial statements present the City and its component unit, The Cedar City Redevelopment Agency, for which the City is considered to be financially accountable. The City is not a component unit of any other primary government. A blended component unit, although a legally separate entity, is, in substance, part of the City's operations.

**Blended Component Units:**

The City established a Redevelopment Agency pursuant to the Utah Neighborhood Development Act and designated the municipal council and the mayor as the redevelopment agency. The City has adopted redevelopment plans for the Cedar City downtown area. The Redevelopment Agency is presented as a special revenue fund of the City.

**Government-wide and fund financial statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the City and its blended component unit. Interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those which are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

**CEDAR CITY, UTAH**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2006

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

Separate fund financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

**Measurement focus, basis of accounting, and financial statement presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. The City applies expenses for restricted resources first when both restricted and unrestricted net assets are available.

The use of financial resources to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as an expenditure. Proceeds of long-term debt are recorded as a liability in the government-wide financial statements, rather than as an other financing source. Amounts paid to reduce long-term debt of the City are reported as a reduction of the related liability, rather than an expenditure in the government-wide financial statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon

as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt-services expenditures, as well as expenditures related to compensated absences and claims and judgements, are recorded only when payment is due.

Sales taxes, franchise taxes, and earned but unreimbursed state and federal grants associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenues are considered to be measurable and available only when cash is received by the City.

**CEDAR CITY, UTAH**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2006**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

The City reports the following major governmental funds:

General Fund  
Special Improvement District 2002-1 Debt Service Fund  
Special Improvement District #93-1 Debt Service Fund

The General Fund is the government's primary operating fund. It accounts for all financial resources for the general government, except for those required to be accounted for in another fund.

The Special Improvement District 2002-1 Debt Service Fund collects assessments for SID 2002-1 which provides resources for the repayment of bonds.

The Special Improvement District 1993-1 Debt Service Fund collects assessments for SID 93-1 which provides resources for repayment of bonds.

The City reports the following major proprietary funds:

Water Fund  
Sewer Collection System  
Regional Sewer Plant

The Water Fund accounts for the activities of the City's water production, treatment, and distribution operations.

The Sewer Collection fund and the Regional Sewer Plant Fund account for the operation and maintenance of the City-owned collection and treatment system for wastewater.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of all enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds includes the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**CEDAR CITY, UTAH**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2006

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

**Fixed assets and long-term liabilities**

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are valued at their estimated fair value on the date donated.

Depreciation of all exhaustible fixed assets used is charged as an expense against operations. Accumulated depreciation is reported on the financial statements. Depreciation has been provided over the estimated useful lives using the straight line method. The estimated useful lives are as follows:

Water and sewer system improvement	40-50 years
Buildings	20-30 years
Machinery and Equipment	5-10 years
Roads and infrastructure	15 years
Improvements other than buildings	20 years

**CEDAR CITY, UTAH**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2006

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**Property Tax**

Iron County assesses all taxable property other than centrally-assessed property, which is assessed through the state, by May 22 of each year. The City should adopt a final tax rate prior to June 22, which is then submitted to the state for approval. Property taxes are due on November 30 of each year. Delinquent taxes are subject to a penalty of 2% or \$10.00, whichever is greater. After January 15 of the following year, delinquent taxes and penalty bear interest of 6% above the federal discount rate from January 1 until paid.

Property taxes attach as an enforceable lien on property as they become delinquent. All unpaid taxes levied during the year become delinquent December 1 of the current year.

Property tax revenues are recognized when they become measurable and available. Amounts available include those property tax receivables expected to be collected within sixty days after year end.

**Budgets**

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual budgets are adopted for governmental and proprietary fund types. Encumbrance accounting is not employed by the City in its governmental funds, therefore, all annual appropriations lapse at fiscal year end. Project-length financial plans are adopted for all capital project funds.

The City can make adjustments to the adopted budget through public hearings. During the fiscal year, the City made budget adjustments through public hearings the effects of which were material and are reflected in management's discussion and analysis.

**Capitalized Interest**

The City capitalizes interest costs and interest earned as part of the cost of constructing various buildings and water and sewer projects when material. Interest is only capitalized in proprietary activities.

**CEDAR CITY, UTAH**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2006

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**Statement of Cash Flows**

For the purpose of the Statement of Cash Flows, the business-type activities consider all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

**Bond Issue Costs**

If material, bond issuance costs are deferred and amortized over the life of the bonds using the straight line method. If material, issuance costs are reported as deferred charges.

**Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

**Compensated Balances**

City employees accumulate one day of sick leave for each month of service. There is no limit on sick leave accrual. Employees with sick leave accrued in excess of 60 days may be paid 25 percent of the unused sick leave accrued during the current calendar year. Employees who were regular full time employees of the City for a minimum of ten years are eligible for continued medical, dental, and vision insurance upon retirement for five years, or to age 65 whichever comes first.

City employees accrue vacation leave in varying amounts depending on the amount of service. An employee may carry over into the following calendar year the amount of vacation leave that the employee accrues in one year plus 40 hours. Any accumulated vacation leave in excess of yearly earned plus 40 hours will be lost at the end of the calendar year.

**CEDAR CITY, UTAH**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2006

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

Vacation and sick leave are charged to operations as they are used. No provision has been made in the financial statements for unused sick leave as the low degree of reliability and the cost of making and evaluating estimates of this liability would be too great. Also, the probable payments for accumulating leave benefits would likely not be material.

**Reconciliation of government-wide and fund financial statements**

**A. Explanation of certain differences between the governments fund balance sheet and the government-wide statement of net assets.**

The governmental fund balance sheet includes a reconciliation between total governmental fund balances and net assets of governmental activities as reported in the government-wide statement of net assets. These differences primarily result from the long-term economic focus of the statement of net assets versus the current financial resources focus of the governmental fund balance sheets.

**Capital related items:**

When capital assets (property, plant, & equipment) that are to be used in governmental activities are purchased or constructed, the cost of those assets are reported as expenditures in governmental funds. However, the statement of net assets includes those capital assets among the assets of the City as a whole.

Cost of capital assets	\$ 112,779,498
Accumulated depreciation	(19,302,602)
Construction in Progress	<u>1,905,234</u>
Total difference	<u>\$ 95,382,130</u>

**Long-term liabilities:**

Long-term liabilities are not due and payable in the current period and therefore are not reported in the fund financial statements.

Principal portion of bonds and leases	\$ ( 20,346,880)
Bond interest accrual	( 191,141)
Capital Lease Obligations Payable	( 476,008)
Compensated Absences Payable	<u>( 481,266)</u>
Total Difference	<u>\$ ( 21,495,295)</u>



**CEDAR CITY, UTAH**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2006

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**B. Explanation of differences between governmental fund operating statements and the statement of net activities.**

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances - total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. The first element of this reconciliation states that capital outlays are reported in the governmental funds as expenditures while the government-wide statement of activities allocates these costs over the useful lives of the assets as depreciation. While shown in the reconciliation as the net difference, the elements of this difference are as follows:

Capital outlay	\$ 5,074,062
Depreciation expense	(2,419,519)
New difference as reported	<u>\$ 2,654,543</u>

The governmental funds report bond proceeds as an other financing source, while repayment of bond principal is reported as an expenditure. Also, governmental funds report the effect of issuance costs and premiums when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. Interest is recognized as an expenditure in the governmental funds when it is due. In the statement of activities, interest expense is recognized as it accrues, regardless of when it is due. The net effect of these differences in the treatment of bonds and related items is as follows:

Contributions	\$ 9,440,218
Repayment of bond principal	4,857,179
Repayment of capital lease principal	190,156
Accrued interest expense	40,115
Net increase in compensated absences	<u>( 6,460)</u>
Net Difference	<u>\$ 14,521,208</u>

**CEDAR CITY, UTAH**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2006

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

The Governmental Funds report other miscellaneous items as revenues. Also, other items that effect changes in net assets are not reported as either revenues or expenditures. The net effect of these differences are summarized as follows:

Loss on assets sold/disposed	\$ <u>(405,546)</u>
Net Difference	\$ <u>(405,546)</u>

**NOTE 2. LEGAL COMPLIANCE - BUDGETS/STATUTORY**

On or before the first scheduled council meeting in May, all agencies of the City submit requests for appropriation to the City's financial officer so that a budget may be prepared. The budget is prepared by fund, function, and activity, and includes information of the past year, current year estimates, and requested appropriations for the next fiscal year.

The proposed budget is presented to the City council for review at the first scheduled meeting in May. The City council holds public hearings and may add to, subtract from, or change appropriations, but may not change the form of the budget. Any changes to the budget must be within the revenues and reserves estimated as available by the City financial officer or the revenue estimates must be changed by an affirmation vote of a majority of the City council. Within 30 days of adoption, the final budget must be submitted to the State Auditor. If there is no increase to the certified tax rate, a final tax rate is adopted by June 22 and adoption of budgets is done similarly.

State statute requires that City officers shall not make or incur expenditures or encumbrances in excess of total appropriations for any department in the budget as adopted or subsequently amended.

**CEDAR CITY, UTAH**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2006

**NOTE 3. CASH AND INVESTMENTS:**

The City maintains a cash and investment pool, which includes the cash account and several investments. The City also has deposits held by the Trust Department of US Bank as fiscal agent for bonds issued. The City's deposit and investment policy is to follow the Utah Money Management Act. However, the City does not have a separate deposit or investment policy that addresses specific types of deposit and investment risks to which the City is exposed.

Utah State law requires that City funds be deposited with a "qualified depository" as defined by the Utah Money Management Act. "Qualified depository" includes any depository institution which has been certified by the Utah State Commissioner of Financial Institutions as having met the requirements as defined in Rule 11 of the Utah Money Management Act. Rule 11 establishes the formula for determining the amount of public funds which a qualified depository may hold in order to minimize risk of loss and defines capital requirements which an institution must maintain to be eligible to accept public funds.

The Utah Money Management Act also governs the scope of securities allowed as appropriate temporary investments for the City and conditions for making investment transactions. Investment transactions are to be conducted through qualified depositories or primary reporting dealers.

As of June 30, 2006, the City had the following deposits and investments:

<u>Deposit and investment type</u>	<u>Fair Value</u>
Cash on deposit and on hand	\$ 2,460,749
State Treasurer's investment pool	30,927,741
Cash with Fiscal Agent	<u>1,753,047</u>
	<u>\$ 35,141,537</u>

The following paragraphs discuss the City's exposure to various risks related to its cash management activities.

**Custodial Credit Risk**

*Deposits.* Custodial credit risk for deposits is the risk that in the event of a bank failure, the City's deposits may not be recovered. The City's policy for managing custodial credit risk is to adhere to the Money Management Act. The Act requires all deposits of the City to be in a *qualified depository*, defined as any financial institution whose deposits are insured by an agency of the federal government and which has been certified by the Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council. As of June 30, 2006, \$2,257,626 of the City's bank balances were uninsured or uncollateralized.

**CEDAR CITY, UTAH**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2006

NOTE 3. CASH AND INVESTMENTS - CONTINUED

*Investments.* Custodial credit risk for investments is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of its investments that are in the possession of an outside party. The City does not have a formal policy for custodial credit risk of investments. The City's investment in the Utah Public Treasurer's Investment Fund has no custodial risk.

Credit Risk

Credit risk is the risk that the counterparty to an investment will not fulfill its obligations. The City's policy for limiting the credit risk of investments is to comply with the Money Management Act. The Act requires investment transactions to be conducted only through qualified depositories, certified dealers, or directly with issuers of the investment securities. Permitted investments include deposits of qualified depositories; repurchase agreements; commercial paper that is classified as "first-tier" by two nationally recognized statistical rating organizations, one of which must be Moody's Investor Services or Standard & Poors; bankers acceptances; obligations of the U.S. Treasury and U.S. government sponsored enterprises; bonds and notes of political subdivisions of the State of Utah; fixed rate corporate obligations and variable rate securities rated "A" or higher by two nationally recognized statistical rating organizations as defined in the Act.

The City is authorized to invest in the Utah Public Treasurer's Investment Fund (PTIF), an external pooled investment fund managed by the Utah State Treasurer and subject to the Act and Council requirements. The PTIF is not registered with the SEC as an investment company, and deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah. The PTIF operates and reports to participants on an amortized cost basis. The income, gains, and losses, net of administration fees, of the PTIF are allocated based upon the participants' average daily balances.

Following are the City's investments at June 30, 2006.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity</u>	<u>Quality Ratings</u>
PTIF	\$30,927,741	less than 1 year	not rated

**CEDAR CITY, UTAH**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2006**

NOTE 3. CASH AND INVESTMENTS - CONTINUED

**Interest Rate Risk**

Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. The City manages its exposure to declines in fair value by solely investing in the PTIF and by adhering to the Money Management Act. The Act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested. The Act further limits the remaining term to maturity of commercial paper to 270 days or less and fixed rate negotiable deposits and corporate obligations to 365 days or less. Maturities of the City's investments are noted above.

**Concentration of Credit Risk**

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The City's policy to limit this risk is to adhere to the rules of the Money Management Council. The Council's rule 17 limits investments in a single issuer of commercial paper and corporate obligations to between 5 and 10 percent depending upon the total dollar amount held in the City's portfolio at the time of purchase.

As of year end, the City had no investments other than an investment in the Utah Public Treasurer's Investment Fund.

Components of cash and investments (including interest earning deposits) at June 30, 2006, are as follows:

**Cash on hand and on deposit:**

Cash on deposit and on hand	\$ 2,460,749
Utah State Treasurer's investment pool account	30,927,741
Cash with fiscal agent	<u>1,753,047</u>
Total cash and investments	<u>\$ 35,141,537</u>

Cash and investments are included in the accompanying combined statement of net assets as follows:

Cash and cash equivalents	\$ 34,710,853
Cash in fiduciary funds	<u>430,684</u>
Total cash and investments	<u>\$ 35,141,537</u>

**CEDAR CITY, UTAH**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2006

**NOTE 4. LONG-TERM DEBT:**

The following is a summary of Long-Term Debt transactions of the City for the fiscal year ended June 30, 2006:

<b><u>General Long Term Debt:</u></b>	<b><u>Balance</u></b> <b><u>6/30/05</u></b>	<b><u>Additions</u></b>	<b><u>Retirements</u></b>	<b><u>Balance</u></b> <b><u>6/30/06</u></b>
Recreation Refunding G.O. Bond 3-21-96	\$ 36,000	\$	\$ 36,000	\$
SID 95-1 Special Assessment Bonds 3-20-96	41,000		41,000	
SID 95-2 Special Assessment Bonds 4-1-97	127,000		62,000	65,000
SID 96-1 Special Assessment Bonds 4-8-98	297,000		94,000	203,000
SID 97-1 Special Assessment Bonds 3-30-99	221,000		51,000	170,000
SID 2002-1 Special Assessment Bonds	1,519,000		149,000	1,370,000
SID 98-1 Special Assessment Bonds 8-15-01	1,510,000		190,000	1,320,000
Zions First National Bank Note Payable	271,024		150,145	120,879
SBSU Equipment Lease	114,132		56,281	57,851
Cal First Equipment Lease	452,032		84,735	367,297
Wells Equipment Lease	100,000		49,140	50,860
Municipal Building Authority Lease	2,985,000		440,000	2,545,000
Library G.O. Bonds-Series 2002 A	2,344,000		81,000	2,263,000
Refunding Lease Revenue Bonds - 2001A	8,710,000		65,000	8,645,000
Sales Tax Revenue Bonds - 2002	1,284,000		1,204,000	80,000
Sales Tax Revenue Bond - Terminal	1,500,000		1,500,000	
Library G.O. Bond - 2003	2,230,000		280,000	1,950,000
Tax Increment Bonds - 2002	180,000		90,000	90,000
Tax Increment Bonds - 2002	1,940,000		415,000	1,525,000
<b>TOTAL GENERAL LONG TERM DEBT</b>	<b>25,861,188</b>		<b>5,038,301</b>	<b>20,822,887</b>
<b><u>Enterprise Fund Debt:</u></b>				
Sewer 8-18-94 Revenue Bonds	7,463,000		570,000	6,893,000
Sewer 12-1-93 Revenue Bonds	155,000		50,000	105,000
Sewer Revenue Bond - Series 1999	410,000		75,000	335,000
Evans Equipment Lease	55,600		55,600	
Cal First Equipment Lease	276,910		51,907	225,003
Sewer-Comm. Impact Bonus Loan-Series	137,000		10,000	127,000
<b>TOTAL ENTERPRISE FUND DEBT</b>	<b>8,497,510</b>		<b>812,507</b>	<b>7,685,003</b>
<b>GRAND TOTAL</b>	<b>\$ 34,358,698</b>	<b>\$</b>	<b>\$ 5,850,808</b>	<b>\$ 28,507,890</b>

**CEDAR CITY, UTAH**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2006**

**NOTE 4. LONG-TERM DEBT - CONTINUED:**

The following is a summary of the City's Long-Term Debt by type at June 30, 2006:

General Obligation Bonds	\$ 4,213,000
Revenue Bonds	18,730,000
Special Assessment Bonds	3,128,000
Tax Allocation Bonds	1,615,000
Note Payable	120,879
Capital Lease	701,011
	<hr/>
	<u>\$ 28,507,890</u>

In prior years, the City defeased certain general obligation and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements.

During the fiscal year ending June 30, 2002 the City issued \$9,070,000 in Refunding Lease Revenue Bonds-Series 2001A. The bond issue is composed of two parts with refunding proceeds amounting to \$7,515,000 and new bond proceeds of \$1,555,000.

The refunding proceeds were used to refund the Municipal Building Authority Lease Revenue Bonds- Series 1999A dated December 1, 1999 and to partially refund \$630,000 of the Municipal Building Authority Lease Revenue Bonds-Series 1999B.

This transaction is considered to be an advanced refunding in that the refunding proceeds of \$7,515,000 of the Refunding Lease Revenue Bonds-Series 2001A were placed in an irrevocable escrow arrangement for the purpose of paying interest and principal on the Municipal Building Authority Lease Revenue Bonds-Series 1999A and the Municipal Building Authority Lease Revenue Bonds-Series 1999B. The Series 1999A bonds were originally issued in the amount of \$6,995,000 on December 1, 1999 and had a principal balance outstanding of \$6,995,000 at the time of the refunding. The Series 1999B bonds were originally issued in the amount of \$4,980,000 on December 1, 1999 and had an outstanding principal balance of \$4,980,000 at the time of the partial refunding. Payments due June 15, 2012 and 2013 on the Series 1999B bonds in the amount of \$590,000 and \$40,000 respectively were refunded as part of the refunding issue.

In accordance with generally accepted accounting principles concerning advanced refunding of bonds, the defeased bonds and the refunding escrow are not reported by the City as part of the financial statements.

**CEDAR CITY, UTAH**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2006**

**NOTE 4. LONG-TERM DEBT - CONTINUED:**

The Series 1999A bonds bore interest varying from 5.6% to 5.8 % and the Series 1999B bonds bore interest varying from 4.4% to 5.5%. The Refunding Lease Revenue Bonds-Series 2001A bear interest varying from 3% to 5% with a true interest cost of 4.7987370%.

The refunding results in cumulative savings of \$1,351,471 with the net present value of the savings being \$159,727.

The City's long-term bonded debt consists of the following:

**General Long-Term Debt:**

\$1,438,000 Sales Tax Revenue Bonds Series 2002 payable in installments of \$78,000 to \$678,000 bearing interest of 2.25% to 4.8%	\$ 80,000
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\$2,520,000 Library General Obligation Bonds Series 2003 payable in installments of \$140,000 to \$210,000 bearing interest of 2.5% to 4.25%	1,950,000
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\$1,667,000 Special Assessment Bonds 2002-1 Series 2003 payable in installments of \$148,000 to \$198,000 bearing interest of 1.5% to 5.25%	1,370,000
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\$512,280 Special Assessment Bonds 95-2 payable in installments of \$55,000 to \$65,000 bearing interest of 5.6%	65,000
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\$844,258 Special Assessment Bonds 96-1 payable in installments of \$86,000 to \$104,000 bearing interest of 4.85% to 5.05%	203,000
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\$483,381 Special Assessment Bonds 97-1 payable in installments of \$47,000 to \$59,000 bearing interest of 4.5% to 4.85 %	170,000
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**CEDAR CITY, UTAH**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2006

**NOTE 4. LONG-TERM DEBT - CONTINUED:**

\$1,500,000 Zions Bank Commercial Note Payable  
in monthly installments to 2007 bearing interest  
of 7.506% 120,879

\$4,980,000 Lease Revenue Bonds Series 1999B  
payable in installments of \$400,000 to \$560,000  
bearing interest of 4.4% to 5.5% 2,545,000

\$2,500,000 Library General Obligation Bonds Series 2002A  
payable in installments of \$77,000 to \$136,000 bearing  
interest of 2.3% 2,263,000

\$9,070,000 Refunding Lease Revenue Bonds Series 2001A  
payable in installments of \$460,000 to \$1,010,000 bearing  
interest of 3% to 5% 8,645,000

\$2,030,000 Special Assessment Bonds 98-1  
payable in installment of \$165,000 to \$245,000  
bearing interest of 3.15% to 5.2% 1,320,000

\$352,000 Tax Increment Refunding Bonds Series 2002  
payable in installments of \$85,000 to \$90,000  
bearing interest of 2.64% to 3.52% 90,000

\$2,730,000 Tax Increment Refunding Bonds Series 2002  
payable in installments of \$390,000 to \$560,000  
bearing interest of 2.64% to 3.89% 1,525,000

Total General Long -Term Debt \$ 20,346,879

**CEDAR CITY, UTAH**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2006

**NOTE 4. LONG-TERM DEBT - CONTINUED:**

**Enterprise Fund Long -Term Debt:**

\$12,010,000 Sewer Revenue Bonds dated 8-18-94 payable in installments of \$525,000 and \$768,000 bearing interest of 2.75%	\$ 6,893,000
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\$750,000 Sewer Revenue Bonds dated 12-1-93 payable in installments of \$40,000 to \$55,000	105,000
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\$715,000 Sewer Revenue Bonds dated 8-19-99 payable in installments of \$60,000 to \$95,000 bearing interest of 5.9%	335,000
--	---------

\$166,190 Sewer Community Impact Bonus Loan Series 2000 payable in installments of \$9,190 to \$13,000 bearing interest of 2.5%	<u>127,000</u>
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Total Enterprise Fund Long - Term Debt	<u><u>\$ 7,460,000</u></u>
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**CEDAR CITY, UTAH**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2006

**NOTE 4. LONG-TERM DEBT - CONTINUED:**

The City's total bonded debt service at June 30, 2006 was as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Annual Debt Service</u>
2007	\$ 2,763,879	\$ 1,105,060	\$ 3,868,939
2008	2,593,000	978,563	3,571,563
2009	2,525,000	879,610	3,404,610
2010	1,986,000	782,430	2,768,430
2011	1,962,000	706,425	2,668,425
2012	2,045,000	628,583	2,673,583
2013	1,865,000	552,805	2,417,805
2014	1,932,000	485,570	2,417,570
2015	1,795,000	414,200	2,209,200
2016	1,859,000	350,023	2,209,023
2017	1,421,000	282,540	1,703,540
2018	1,059,000	224,405	1,283,405
2019	1,027,000	170,755	1,197,755
2020	1,075,000	123,120	1,198,120
2021	1,128,000	72,725	1,200,725
2022	121,000	19,275	140,275
2023	124,000	16,250	140,250
2024	127,000	13,150	140,150
2025	130,000	9,975	139,975
2026	133,000	6,725	139,725
2027	136,000	3,400	139,400
	<u>\$ 27,806,879</u>	<u>\$ 7,825,589</u>	<u>\$ 35,632,468</u>

**CEDAR CITY, UTAH**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2006

**NOTE 4. LONG-TERM DEBT - CONTINUED:**

The City entered into capital lease agreements which require the following scheduled payments:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	\$ 249,781	\$ 22,583	\$ 272,364
2008	145,640	14,620	160,260
2009	150,359	9,901	160,260
2010	155,231	5,030	160,261
Total	<u>\$ 701,011</u>	<u>\$ 52,134</u>	<u>\$ 753,145</u>
Governmental Funds	\$ 476,008	\$ 33,618	\$ 509,626
Enterprise Funds	225,003	18,516	243,519
Total	<u>\$ 701,011</u>	<u>\$ 52,134</u>	<u>\$ 753,145</u>

Capitalized leases in the enterprise funds are depreciated over the useful life of the asset (see Note 1). Depreciation on capitalized leases is included with depreciation expense in the various enterprise funds.

**NOTE 5. NOTE RECEIVABLE:**

Cedar City withdrew from its agreement with the Washington County Water Conservancy District concerning the Kolob Reservoir effective December 1, 1994. Per the agreement, the District is now required to reimburse the City for payments made during the last nine years. This transaction has been recorded by the City as a Note Receivable and miscellaneous revenue in the Water Fund for \$1,282,500. In addition, interest accrued to December 15, 1999 was capitalized into the note bringing the total balance due to \$1,578,879. The District is required to pay the note back over 20 years at 5.0% interest with the first payment beginning December 15, 2000 as noted below. The agreement also requires that the District purchase the City's interest in Kolob Reservoir.

**CEDAR CITY, UTAH**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2006

**NOTE 5. NOTE RECEIVABLE - CONTINUED:**

The following table summarizes the payments of principal and interest to be received from the Washington County Water Conservancy District through the year 2020.

<u>Year Ending</u> <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Annual</u> <u>Debt Service</u>
2007	\$ 63,989	\$ 62,705	\$ 126,694
2008	67,188	59,505	126,693
2009	70,548	56,146	126,694
2010	74,075	52,618	126,693
2011	77,779	48,915	126,694
2012	81,668	45,026	126,694
2013	85,751	40,942	126,693
2014	90,039	36,655	126,694
2015	94,541	32,153	126,694
2016	99,267	27,426	126,693
2017	104,230	22,462	126,692
2018	109,442	17,251	126,693
2019	114,914	11,779	126,693
2020	120,660	6,033	126,693
<b>Totals</b>	<b>\$ 1,254,091</b>	<b>\$ 519,616</b>	<b>\$ 1,773,707</b>

**NOTE 6. LOCAL GOVERNMENTAL - COST SHARING RETIREMENT PLAN:**

**Plan Description.** Cedar City contributes to the Local Governmental Contributory Retirement System and Local Governmental Noncontributory Retirement System, Public Safety Retirement System for employers with (without) Social Security coverage, Firefighters Retirement System which are for employers with (without) Social Security coverage cost-sharing multiple-employer defined benefit pension plans administered by the Utah Retirement Systems (Systems). Utah Retirement Systems provide refunds, retirement benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries in accordance with retirement statutes.

**CEDAR CITY, UTAH**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2006

**NOTE 6. LOCAL GOVERNMENTAL - COST SHARING RETIREMENT PLAN -  
CONTINUED:**

The Systems are established and governed by the respective sections of Chapter 49 of the Utah Code Annotated 1953 as amended. The Utah State Retirement Office Act in Chapter 49 provides for the administration of the Utah Retirement Systems and Plans under the direction of the Utah State Retirement Board (Board) whose members are appointed by the Governor. The Systems issue a publicly available financial report that includes financial statements and required supplementary information for the Local Governmental Contributory Retirement System, Local Governmental Noncontributory Retirement System, Public Safety Retirement System for employers with (without) Social Security coverage, and Firefighters Retirement System which are for employers with (without) Social Security coverage. A copy of the report may be obtained by writing to the Utah Retirement Systems, 540 East 200 South, Salt Lake City, UT 84102 or by calling 1-800-365-8772.

**Funding Policy.** In the Local Governmental Noncontributory Retirement System, Cedar City is required to contribute 11.09% of their annual covered salary. In the Public Safety Retirement System for employers with (without) Social Security coverage contributory division members are required to contribute 12.29% of their salary (all or part may be paid by the employer for the employee) and Cedar City is required to contribute 7.95% of their annual salary and 19.34% of their annual covered salary for members in the noncontributory division. In the Firefighters Retirement System for employers with (without) Social Security coverage plan members are required to contribute 8.61% of their annual covered salary (all or part may be paid by the employer for the employee) and Cedar City is required to contribute 0% of their annual covered salary. The contribution rates are the actuarially determined rates. The contribution requirement of the Systems are authorized by statute and specified by the Board.

Cedar City's contributions to the Local Governmental Noncontributory Retirement System for June 30, 2006, 2005, and 2004 were \$407,064, \$380,701 and \$326,847 respectively and for the Public Safety Retirement System the contributions for June 30, 2006, 2005 and 2004 were \$232,437, \$211,306 and \$172,548 respectively, and for the Firefighters Retirement System the contributions for June 30, 2006, 2005 and 2004 were \$14,071, \$13,207 and \$10,149 respectively. The contributions were equal to the required contributions for each year.

**NOTE 7. LITIGATION:**

The City is presently involved in several matters of litigation. One case seeks significant damages and will be contested vigorously by the City. The City is also in the process of negotiating settlements on some claims or resolving the matters by other means. The outcome of these cases is uncertain.

**CEDAR CITY, UTAH**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2006

**NOTE 8. RISK MANAGEMENT:**

Cedar City is subject to various types of risk such as tort actions, theft, damage, or destruction of assets by intent or acts of God, and job related illness or injury.

The City has procured commercial insurance, which in the City's estimation, is adequate to reduce the risk of loss to a manageable level.

**NOTE 9. REDEVELOPMENT AGENCY:**

In accordance with Section 17A-2-1219, Utah Code Annotated all municipalities having established Redevelopment Agency's are required to disclose the following revenues and expenditures associated with the various project areas.

**Cedar Downtown**

Tax increment collected	\$ 713,063
Interest Income	35,747
Miscellaneous Revenues	316,090
Balance of debt	1,615,000

**Expenditures:**

Site improvements and maintenance	\$ 95,683
Debt Service	749,242
Net Transfers In (Out)	10,335

**NOTE 10. RECAPTURED LOSSES:**

Utah Risk Management Mutual Association (URMMA), which provides liability and other insurance coverage to the City, determines recaptured losses that are to be paid by the City relating to claims filed against the City.

As of June 30, 2006, the City had \$587,087 in outstanding recaptured losses that will be paid with premiums due in future years.

**CEDAR CITY, UTAH**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2006

**NOTE 11. LANDFILL CLOSURE AND POST-CLOSURE CARE COSTS:**

Cedar City has estimated closure and post-closure care costs for the City landfill to be \$54,699. The nature and source of these costs as estimated by Cedar City are described below as well as other pertinent information concerning the landfill.

As of the date of this report, the City had not been notified of any corrective actions that need to be taken towards the landfill.

The City has placed funds in a restricted account with the Public Treasurer's Investment Pool sufficient to provide for the estimated closure and post-closure costs.

Closure Costs:	<u>Bulloch Pit</u>
Cover material	<u>\$ 42,697</u>
Total Closure Costs	<u>42,697</u>
 Post-Closure Costs:	
Vegetative cover	<u>2,135</u>
Total Post-Closure Costs	<u>2,135</u>
 Total Costs	<u><u>\$ 44,832</u></u>

To date, Cedar City has not incurred any closure or post-closure care costs but has recorded a liability of \$8,885 towards these costs.

Estimated landfill capacity used to date based on the city engineers estimates are as follows:

Bulloch Pit	19%
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The City estimates the useful life of the landfill as follows:

Bulloch Pit	24.5 years
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**CEDAR CITY, UTAH**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2006

**NOTE 12. COMPONENTS OF RESERVED FUND EQUITY**

The components of reserved fund equity reported on the combined balance sheet are as follows:

<b>General Fund:</b>	
Class C Roads	\$2,077,847
AYSO Soccer Field Donation	151
2400 No. Right of Way	65,300
Perry Legacy Donation	12,228
Skate Park Donation	630
State Liquor Funds	<u>10,640</u>
<b>Total General Fund</b>	<b>2,166,796</b>
SID 2002-1	<u>352,591</u>
<b>Total Debt Service Fund - Major</b>	<b>352,591</b>
<b>Other Governmental Funds:</b>	
Cross Hollows Donations	8,718
RAP Sales Tax	32,196
Downtown Parking	57,796
Transportation Impact Fees	917,055
Parks and Recreation Impact Fees	1,741,043
Public Safety Impact Fees	405,286
Task Force	155,104
Airport Construction	95,688
SID 98-1	930,282
SID 95-1	84,753
SID 95-2	23,029
SID 97-1	112,964
Special Improvement Guarantee	320,344
Capital Improvement Fire Engine	106,077
Library Construction	5,838
Redevelopment Agency	926,485
Coal Creek Flood Control	<u>30,048</u>
<b>Total Other Governmental Funds</b>	<b><u>5,952,706</u></b>
<b>Total Governmental Funds</b>	<b><u><u>\$8,472,093</u></u></b>

**CEDAR CITY, UTAH**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2006

**NOTE 12. COMPONENTS OF RESERVED FUND EQUITY - CONTINUED**

Enterprise Funds:

Water Fund - Community Development	\$2,345,356
Sewer Collection Fund - Debt Service	127,054
Sewer Collection Fund - Community Development	1,177,371
Sewer Plant - Debt Service	1,625,603
Sewer Plant - Community Development	267,876
Storm Drain - Community Development	502,077
Solid Waste - Reserve for Closure & Post Closure	<u>61,121</u>
Total Enterprise Funds	<u><u>\$6,106,458</u></u>

**NOTE 13. INDUSTRIAL REVENUE BONDS - SERIES 2000**

Industrial revenue bonds in the amount of \$4,000,000 were issued during the year ending June 30, 2001. The proceeds derived from the sale of the bonds was loaned to White Wave, Inc., the borrower, and will finance the acquisition and installation of new equipment to be used in the manufacturing of soy beverage products.

The bonds are to be repaid by the borrower, White Wave Inc., pursuant to a loan agreement dated October 1, 2000.

The bonds are a limited obligation of the City as provided by the Utah Industrial Facilities and Development Financing Act and the City is under no circumstances, obligated to pay the bonds or respective costs, neither is the taxing power of the City pledged or obligated in any way to repay the bonds.

**CEDAR CITY, UTAH**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2006

**NOTE 14. INSURANCE COVERAGE**

The City has acquired the following insurance coverage:

<u>Description</u>	<u>Coverage</u>	<u>Amount</u>
Automobile	Bodily injury liability: Combined limit	\$ 6,000,000
	Property damage liability: Combined limit	6,000,000
	Uninsured - Person: per occurrence	500,000
	per person	250,000
General Liability	Combined Limit	6,000,000
Property Coverage:	All Risk Policy	
Blanket Building, Equipment & Contents		44,274,382
Equipment Breakdown		50,000,000
Emergency Vehicles		1,793,725
Airport Liability		5,000,000
Off Duty Liability		1,000,000
Faithful Performance Bonds:		
City Treasurer		1,500,000
City Treasurer and Recorder		162,800
Finance Director		27,000
Blanket bond - Public Employees (All employees except treasurer)		100,000

**CEDAR CITY, UTAH**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2006

**NOTE 15. UTILITY RATES**

<b>Water</b>	<b><u>Impact Fee</u></b>	<b><u>Meter Cost</u></b>
One inch or less	\$ 2,194.00	\$ 250.00
One and one half inch	5,485.00	553.00
Two inch	8,777.00	828.00
Three inch	12,799.00	1,770.00
Four inch	19,015.00	2,610.00
Six inch	32,179.00	3,150.00
<b><u>Usage</u></b>		
Minimum charge	13.00	
Additional Charge - Based on usage Schedule and classification	.48 to 1.20	
<b>Sewer</b>		
Impact Fee (Based on Water Line Size)		
1 inch	546.00	
1 ½ inches	1,366.00	
2 inches	2,185.00	
3 inches	3,187.00	
4 inches	4,785.00	
6 inches	8,012.00	
Usage (per month) (single family unit)	23.00	
<b>Garbage</b>		
Can	100.00	
Usage (per Month)	3.00	
Land Fill Fee	4.00	
<b>Storm Drain</b>		
Monthly Charge	2.00	
<b>Cemetery</b>		
Burial plot (each grave site - Resident)	260.00	
Burial plot (each grave site) - Non-Resident	550.00	
<b><u>Interment</u></b>		
Adult - Weekday - Resident	170.00	
Adult - Weekday - Non Resident	200.00	
Adult - Weekend or Holiday - Resident	225.00	
Adult - Weekend or Holiday - Non Resident	260.00	
Infant - Weekday - Resident	100.00	
Infant - Weekday - Non Resident	120.00	
Infant - Weekend or Holiday - Resident	130.00	
Infant - Weekend or Holiday - Non Resident	200.00	
<b><u>Disinterment</u></b>		
Disinterment - Adult	500.00	
Disinterment - Infant	200.00	
Cremation Remains - Resident - Weekday	100.00	
Cremation Remains - Non-Resident - Weekday	120.00	
Cremation Remains - Resident - Weekend or Holiday	130.00	
Cremation Remain - Non-Resident - Weekend or Holiday	200.00	

**CEDAR CITY, UTAH**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2006

**NOTE 16. CAPITAL ASSETS**

Capital asset activity for the year June 30, 2006 was as follows:

	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
<b>Governmental activities:</b>				
Capital assets, not being depreciated				
Land	\$ 29,665,551	\$ 6,925,124	\$	\$ 36,590,675
Construction in progress	5,371,824	1,680,056	(5,146,646)	1,905,234
Total capital assets, not being depreciated	35,037,375	8,605,180	(5,146,646)	38,495,909
Capital assets, being depreciated:				
Buildings	27,700,671	5,988,328		33,688,999
Improvements other than buildings	32,017,158	4,174,745	(62,186)	36,129,717
Office furniture and equipment	398,526	67,996		466,522
Machinery & Equipment	1,346,310	63,935		1,410,245
Automobiles & Trucks	3,787,032	760,742	(54,435)	4,493,339
Total capital assets, being depreciated	65,249,697	11,055,746	(116,621)	76,188,822
Accumulated depreciation for:				
Buildings	2,563,970	628,701		3,192,671
Improvements other than buildings	11,585,350	1,381,393	(30,127)	12,936,616
Office furniture and equipment	174,380	40,086		214,466
Machinery & Equipment	683,153	78,988		762,141
Automobiles & Trucks	1,960,789	290,351	(54,433)	2,196,707
Total accumulated depreciation	16,967,642	2,419,519	(84,560)	19,302,601
Total capital assets, being depreciated, net	48,282,055	8,636,227	(32,061)	56,886,221
Governmental activities capital assets, net	<u>\$ 83,319,430</u>	<u>\$ 17,241,407</u>	<u>\$ (5,178,707)</u>	<u>\$ 95,382,130</u>

**CEDAR CITY, UTAH**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2006

**NOTE 16. CAPITAL ASSETS - CONTINUED**

	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
<b>Business type activities:</b>				
Capital assets, not being depreciated				
Land	\$ 1,806,605	\$ 585,470		\$ 2,392,075
Construction in progress	2,774,932	1,768,273	(2,251,450)	2,291,755
Total capital assets, not being depreciated	<u>4,581,537</u>	<u>2,353,743</u>	<u>(2,251,450)</u>	<u>4,683,830</u>
Capital assets, being depreciated:				
Buildings	2,465,408	628,374		3,093,782
Improvement other than buildings	50,939,358	4,692,793	(367,052)	55,265,099
Office Furniture & equipment	5,493			5,493
Machinery & Equipment	1,103,558	340,266	(50,990)	1,392,834
Automobiles & Trucks	1,356,466	24,597		1,381,063
Total capital assets, being depreciated	<u>55,870,283</u>	<u>5,686,030</u>	<u>(418,042)</u>	<u>61,138,271</u>
Accumulated depreciation for:				
Buildings	1,100,610	66,341		1,166,951
Improvements other than buildings	14,167,848	1,437,937	(34,702)	15,571,083
Office furniture and equipment	1,885	549		2,434
Machinery & Equipment	579,632	41,645	(50,990)	570,287
Automobiles & Trucks	595,466	110,567		706,033
Total accumulated depreciation	<u>16,445,441</u>	<u>1,657,039</u>	<u>(85,692)</u>	<u>18,016,788</u>
Total capital assets, being depreciated, net	<u>39,424,842</u>	<u>4,028,991</u>	<u>(332,350)</u>	<u>43,121,483</u>
Business type activities capital assets, net	<u>\$44,006,379</u>	<u>\$ 6,382,734</u>	<u>\$ (2,583,800)</u>	<u>\$ 47,805,313</u>

**CEDAR CITY, UTAH**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2006

**NOTE 16. CAPITAL ASSETS - CONTINUED**

Depreciation was charged to functions as follows:

General government	\$ 2,305
Police protection	123,093
Other public safety & inspection services	114,858
Streets & Highways	1,095,391
Parks, cemetery, and public property	578,512
Culture & recreation	182,639
Public works	8,228
Community & economic development	16,930
Transportation services	297,563
Total	<u>\$ 2,419,519</u>

**REQUIRED SUPPLEMENTARY INFORMATION**

**(Unaudited)**



**CEDAR CITY CORPORATION**  
**Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**General Fund**  
**Year Ended June 30, 2006**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Budgetary fund balance, July 1	\$ 4,482,652	\$ 4,482,652	\$ 4,482,652	\$ -
Resources (inflows):				
Taxes	9,258,895	10,144,845	10,513,660	368,815
Interest Earnings	40,000	40,000	326,389	286,389
Licenses and Permits	822,500	1,565,200	1,500,591	(64,609)
Intergovernmental revenues	2,168,398	2,356,313	2,008,272	(348,041)
Charges for Services	295,210	699,325	729,613	30,288
Fines and forfeitures	121,700	122,500	198,864	76,364
Miscellaneous	62,400	3,427,025	3,453,198	26,173
Contributions from outside sources	-	264,745	211,678	(53,067)
Operating transfers in	1,058,390	1,444,700	896,470	(548,230)
Amounts available for appropriation	18,310,145	24,547,305	24,321,385	(225,918)
Charges to appropriations (outflows):				
General government				
Administration	1,440,945	1,639,332	1,351,210	288,122
Police protection				
Police	2,848,715	3,013,303	2,920,914	92,389
Other public safety & inspection services				
Fire department	1,099,401	1,592,810	1,487,867	104,943
Protective Inspection	275,085	375,327	356,786	18,541
Animal control	139,814	140,814	130,926	9,888
Civil defense & emergency services	-	-	-	-
Justice court	52,424	52,424	36,257	16,167
Streets & highways				
Streets & highways	2,414,109	2,253,464	1,881,291	372,173
Class "C" road	416,400	562,425	301,592	260,833
Parks, cemetery, and public property				
City building	149,087	149,087	138,847	10,240
Parks & cemetery	565,844	616,077	572,365	43,712
Culture & recreation				
Recreation	465,232	465,475	443,087	22,388
Library	421,672	442,967	428,468	14,499
Public works				
City engineer	578,782	488,931	479,265	9,666
Community & economic development				
Community promotions	196,550	191,550	186,050	5,500
Economic development	573,193	406,353	192,115	214,238
Public relations	93,548	93,548	88,039	5,509
Transfers out to other funds				
Operating transfers out	2,221,602	8,088,161	8,043,333	44,828
Total charges to appropriations	13,952,403	20,572,048	19,038,411	1,533,636
Budgetary fund balance, June 30	\$ 4,357,742	\$ 3,975,257	\$ 5,282,974	\$ 1,307,718

The notes to the financial statements are an integral part of this statement.

CEDAR CITY CORPORATION  
TRANSPORTATION IMPACT FEES  
TRACKING

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
<b>Beginning Cash Balance</b>	0	171,369	262,391	396,558	678,359	906,074	1,100,053	1,204,235	927,079	863,385	1,248,831	1,390,569
<b>Inflows:</b>												
Impact fees collected	164,215	97,540	158,358	257,132	198,725	147,458	326,075	181,518	352,960	295,165	376,160	412,934
Interest earned	7,154	11,028	15,373	24,669	31,476	46,521	74,850	34,879	18,775	13,632	32,086	60,192
<b>Outflows:</b>												
Cross Hollow road project		(17,546)						(32,972)	(435,428)		(77,655)	(21,350)
Impact fee study			(36,555)									
Reimbursements of fees			(3,009)		(2,486)			6,673				
SID 98-1 & reimbursement							(168,469)					
5300 West Project							(128,274)					
2400 North Parkway										(65,300)		
North Interchange south								(467,255)		175,923		
1600 North (Equestrian Pl)										(33,974)		
Aviation Way											(40,878)	(874,265)
Industrial Park Phase III											(147,975)	(51,025)
<b>Ending Cash Balance</b>	<u>171,369</u>	<u>262,391</u>	<u>396,558</u>	<u>678,359</u>	<u>906,074</u>	<u>1,100,053</u>	<u>1,204,235</u>	<u>927,079</u>	<u>863,385</u>	<u>1,248,831</u>	<u>1,390,569</u>	<u>917,055</u>

**Projects included in the fiscal year 2007 budget:**

Cross Hollow Road	802,920
Center Street Bridge	25,000
Road Widening Projects	100,000
	<u>927,920</u>

See Cedar City's Capital Facilities Plan for future impact fee projects, which will be budgeted in future years as impact fee funds permit.  
This plan can be obtained from the Cedar City Recorder.

**CEDAR CITY CORPORATION  
PARKS & RECREATION IMPACT FEES  
TRACKING**

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
<b>Beginning Cash Balance</b>	0	60,216	91,321	147,967	264,461	426,980	562,876	725,213	686,482	779,092	751,672	1,301,189
<b>Inflows:</b>												
Impact fees collected	57,862	38,800	51,450	105,499	143,867	145,863	174,269	220,050	240,889	211,466	535,096	633,802
Interest earned	2,354	3,934	5,796	10,995	18,652	28,033	40,109	21,657	13,530	9,596	23,881	64,291
Payables cash accrual adj								2,491	3,719	(4,353)	(1,857)	44,112
<b>Outflows:</b>												
Gross Hollow park project		(11,629)										
Exit 59 skate park project						(38,000)				(91,280)		
Hillcrest park							(49,118)	(33,695)				
Park Discovery park							(2,923)	(175,814)	(13,139)	(508)		(7,127)
Sunbow park								(42,874)				
Bicentennial park								(15,546)	(91,757)	(66,341)	(7,603)	(78,908)
Sunset park												
Coal Creek Trail Phase 3									(60,632)			
Gross Hollow Trail										(85,000)		
Reimbursements of fees			(600)									(10,658)
Trail Head Park												(50,817)
Ridge Road Park												(110,728)
Veteran's Park												
<b>Ending Cash Balance</b>	<b>60,216</b>	<b>91,321</b>	<b>147,967</b>	<b>264,461</b>	<b>426,980</b>	<b>562,876</b>	<b>725,213</b>	<b>686,482</b>	<b>779,092</b>	<b>751,672</b>	<b>1,301,189</b>	<b>1,785,155</b>

**Projects Included in the fiscal year 2007 budget:**

Park Discovery	60,000
Coal Creek Trail	60,000
	<u>120,000</u>

See Cedar City's Capital Facilities Plan for future Impact fee projects, which will be budgeted in future years as Impact fee funds permit.  
This plan can be obtained from the Cedar City Recorder.

**CEDAR CITY CORPORATION  
PUBLIC SAFETY IMPACT FEES  
TRACKING**

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
<b>POLICE DEPARTMENT</b>												
<b>Beginning Cash Balance</b>	0	78,001	124,517	197,491	244,860	299,409	338,765	412,183	448,285	408,614	358,794	321,375
<b>Inflows:</b>												
Police impact fees collected	74,720	41,181	66,387	35,597	43,682	23,594	50,390	24,327	46,510	38,831	48,396	51,599
Interest earned	3,281	5,335	7,701	11,771	10,868	15,761	23,029	11,774	8,258	5,788	8,624	13,459
<b>Outflows:</b>												
Police Station bond									(94,439)	(94,439)	(94,439)	(94,439)
Reimbursements of fees			(1,114)									
<b>Ending Cash Balance</b>	<b>78,001</b>	<b>124,517</b>	<b>197,491</b>	<b>244,860</b>	<b>299,409</b>	<b>338,765</b>	<b>412,183</b>	<b>448,285</b>	<b>408,614</b>	<b>358,794</b>	<b>321,375</b>	<b>291,995</b>
<b>FIRE DEPARTMENT</b>												
<b>Beginning Cash Balance</b>	0	11,450	18,278	28,990	35,943	(21,600)	(9,770)	18,271	28,338	40,169	52,439	77,713
<b>Inflows:</b>												
Fire impact fees collected	10,968	6,045	9,745	5,225	6,412	11,830	27,751	14,159	17,006	17,276	29,263	36,803
Interest earned	482	783	1,130	1,728	1,595	0	290	607	624	634	1,496	3,925
Payable cash accrual adj												5,150
<b>Outflows:</b>												
North Fire Station property					(65,550)							
North Fire Station bond								(4,699)	(5,799)	(5,639)	(5,485)	(5,150)
Reimbursements of fees			(163)									
<b>Ending Cash Balance</b>	<b>11,450</b>	<b>18,278</b>	<b>28,990</b>	<b>35,943</b>	<b>(21,600)</b>	<b>(9,770)</b>	<b>18,271</b>	<b>28,338</b>	<b>40,169</b>	<b>52,439</b>	<b>77,713</b>	<b>118,441</b>
<b>Total Ending Cash Balance</b>	<b>89,451</b>	<b>142,795</b>	<b>226,481</b>	<b>280,802</b>	<b>277,809</b>	<b>328,995</b>	<b>430,455</b>	<b>476,623</b>	<b>448,783</b>	<b>411,233</b>	<b>399,089</b>	<b>410,436</b>

**Projects Included in the fiscal year 2007 budget:**

North station bond payment	6,000
Police station bond payment	94,440

100,440

**See Cedar City's Capital Facilities Plan for future impact fee projects, which will be budgeted in future years as impact fee funds permit.**  
This plan can be obtained from the Cedar City Recorder.

**CEDAR CITY CORPORATION  
WATER IMPACT FEES  
TRACKING**

	1998	1999	2000	2001	2002	2003	2004	2005	2006
Fiscal year ended June 30,									
<b>Beginning Cash Balance</b>	0	296,018	746,152	949,217	1,369,323	1,615,046	1,285,454	215,237	1,127,876
<b>Inflows:</b>									
Impact fees collected	288,482	424,649	367,877	462,265	495,189	502,643	539,189	1,146,916	1,517,942
Interest earned	7,536	25,486	35,188	69,218	43,628	32,279	21,812	17,588	77,786
<b>Outflows:</b>									
3200 N Tank			(200,000)		(99,436)				
5300 West line				(111,377)					
Bulldog Road line-upsize					(19,867)				(16,354)
N. Interchange line-upsize					(6,782)				
Northfield Irrigation shares					(2,500)	(3,947)			
Highway 56 line					(4,874)	(2,784)			(137,672)
Auto Mail Drive line					(51,009)				
N Interchange south line					(107,529)				
Enoch Well #3					(1,077)	(291,394)	(325,816)	(9,807)	
Enoch Well #1						(10,096)	(79,009)	(24,334)	(11,497)
Northfield Well						(26,117)	(363,390)	(145,706)	(1,311)
Center Street line replacement						(5,430)			
Redman Tank line						(5,460)	(5,126)		
Equestrian Pointe line-upsize						(24,650)	(8,004)		
3200 N Tank Transmission line						(425,085)	(112,754)		
3200 N Tank Distribution line						(69,550)	(698,614)		
Cross Hollows North							(38,505)	(72,019)	
Cedar Willows I line upsizing									(13,753)
Cimarron Heights line									(120,574)
Sunset Canyon IV									(77,086)
<b>Ending Cash Balance</b>	<b>296,018</b>	<b>746,152</b>	<b>949,217</b>	<b>1,369,323</b>	<b>1,615,046</b>	<b>1,285,454</b>	<b>215,237</b>	<b>1,127,876</b>	<b>2,345,356</b>

**Projects Included in the fiscal year 2007 budget:**

Airport Road line	89,000
Water storage tank property	20,000
Line upsizing projects	100,000
Water well	1,200,000
	<u>1,409,000</u>

See Cedar City's Capital Facilities Plan for future impact fee projects, which will be budgeted in future years as impact fee funds permit.  
This plan can be obtained from the Cedar City Recorder.

CEDAR CITY CORPORATION  
SEWER COLLECTION IMPACT FEES  
TRACKING

	1998	1999	2000	2001	2002	2003	2004	2005	2006
<b>SEWER COLLECTION</b>									
Beginning Cash Balance	0	69,805	162,538	260,052	391,238	542,457	702,049	738,689	860,068
<b>Inflows:</b>									
Impact fees collected	68,105	87,002	97,121	111,435	138,472	148,325	126,122	269,030	351,037
Interest earned	1,700	5,731	394	19,751	12,747	11,267	10,610	16,891	41,781
<b>Outflows:</b>									
Cross Hollows Line							(79,104)		
Wildflower I Sub-Upgrade							(20,988)		
4500 W Outfall Line								(153,514)	(29,463)
3000 N Line								(11,028)	
Highway 56 Project									(46,052)
Ending Cash Balance	69,805	162,538	260,052	391,238	542,457	702,049	738,689	860,068	1,177,371

<b>NORTHFIELD</b>									
Beginning Cash Balance	0	0	0	0	0	161	4,782	12,689	23,600
<b>Inflows:</b>									
Impact fees collected					160	4,606	7,809	10,437	37,811
Interest earned					1	15	98	475	1,668
<b>Outflows:</b>									
Northfield Road Line									(85,058)
Ending Cash Balance	0	0	0	0	161	4,782	12,689	23,600	(21,979)
Total Ending Cash Balance	69,805	162,538	260,052	391,238	542,618	706,831	751,378	883,669	1,155,392

**Projects included in the fiscal year 2007 budget:**

Airport Road line	27,000
4500 W Outfall line	1,018,885
Line upsizing projects	100,000
	<u>1,145,885</u>

See Cedar City's Capital Facilities Plan for future impact fee projects, which will be budgeted in future years as impact fee funds permit.  
This plan can be obtained from the Cedar City Recorder.

CEDAR CITY CORPORATION  
SEWER PLANT IMPACT FEES  
TRACKING

	Fiscal year ended June 30,				
	2001	2002	2003	2004	2005
<b>Beginning Cash Balance</b>	0	6,887	39,340	75,336	106,532
					175,490
<b>Inflows:</b>					
Impact fees collected	6,809	31,865	34,939	29,932	65,694
Interest earned	78	588	1,056	1,265	3,263
					83,525
					8,861
<b>Outflows:</b>					
<b>Ending Cash Balance</b>	<u>6,887</u>	<u>39,340</u>	<u>75,336</u>	<u>106,532</u>	<u>175,490</u>
					<u>267,876</u>

Projects Included in the fiscal year 2007 budget:

See Cedar City's Capital Facilities Plan for future impact fee projects, which will be budgeted in future years as impact fee funds permit.  
This plan can be obtained from the Cedar City Recorder.

CEDAR CITY CORPORATION  
STORM DRAIN IMPACT FEES  
TRACKING

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
<b>Beginning Cash Balance</b>	0	32,660	34,477	36,282	34,616	159,102	1,172	0	0	0	0	129,639
<b>Inflows:</b>												
Impact fees collected	32,660			92,141	118,210	139,999	158,936	137,446	191,322	148,206	300,095	420,674
Interest earned		1,817	1,805	4,338	8,961	1,168	8,123	1,428	1,799	1,108	3,038	12,937
<b>Outflows:</b>												
Northfield storm drain				(79,059)								
Ridge Road storm drain						(30,050)						
Stephens & Dry Canyons						(266,063)	(168,231)	(4,294)	(114,335)	(76,954)	(139,752)	
Reimbursements of fees				(19,086)	(2,685)	(2,984)						
1100 West storm drain								(134,580)				
200 S 300 W storm drain									(78,786)			
Cross Hollows storm drain										(72,360)		
Quichipa flood channel											(33,741)	
Cedar Willows I storm drain												(61,174)
<b>Ending Cash Balance</b>	<u>32,660</u>	<u>34,477</u>	<u>36,282</u>	<u>34,616</u>	<u>159,102</u>	<u>1,172</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>129,639</u>	<u>502,077</u>

Projects included in the fiscal year 2007 budget:

Cross Hollow Road	88,000
Road Widening Projects	100,000
	<u>188,000</u>

See Cedar City's Capital Facilities Plan for future impact fee projects, which will be budgeted in future years as impact fee funds permit.  
This plan can be obtained from the Cedar City Recorder.



**COMBINING AND INDIVIDUAL FUND  
STATEMENTS AND SCHEDULES**

**CEDAR CITY CORPORATION**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
June 30, 2006

	Airport	Downtown Parking	Transportation Impact Fees	Parks/Recreation Impact Fees	Public Safety Impact Fees	Municipal Building Authority
<b>Assets:</b>						
Cash & cash equivalents	\$ 127,796	\$ 59,169	\$ 917,055	\$ 1,785,155	\$ 410,436	\$ 8,870
Special assessments receivable						
Other receivables	47,886	1,265				
Pre-paid expenditures						
Due from other funds						
Total assets	<u>\$ 175,681</u>	<u>\$ 60,434</u>	<u>\$ 917,055</u>	<u>\$ 1,785,155</u>	<u>\$ 410,436</u>	<u>\$ 8,870</u>
<b>Liabilities:</b>						
Cash with negative balances	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable	28,001	2,638		44,112	5,150	
Accrued interest payable						
Deferred revenue						
Total liabilities	<u>28,001</u>	<u>2,638</u>		<u>44,112</u>	<u>5,150</u>	
<b>Fund balances:</b>						
Reserved	147,680	57,796	917,055	1,741,043	405,286	8,870
Unreserved, undesignated						
Total fund balances	<u>147,680</u>	<u>57,796</u>	<u>917,055</u>	<u>1,741,043</u>	<u>405,286</u>	<u>8,870</u>
Total liabilities and fund balances	<u>\$ 175,681</u>	<u>\$ 60,434</u>	<u>\$ 917,055</u>	<u>\$ 1,785,155</u>	<u>\$ 410,436</u>	<u>\$ 8,870</u>

**CEDAR CITY CORPORATION**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
June 30, 2006

	Task Force	Cedar Area Transit	Heritage Center	Special Debt Service	Special Improve. #1-77	Special Improve #84-1
<b>Assets:</b>						
Cash & cash equivalents	\$ 140,283	\$ -	\$ 11,056	\$ -	\$ -	\$ -
Special assessments receivable					14,853	28,649
Other receivables		17,589				
Pre-paid expenditures	16,189					
Due from other funds						
<b>Total assets</b>	<b>\$ 156,472</b>	<b>\$ 17,589</b>	<b>\$ 11,056</b>	<b>\$ -</b>	<b>\$ 14,853</b>	<b>\$ 28,649</b>
<b>Liabilities:</b>						
Cash with negative balances	\$ -	\$ 13,113	\$ -	\$ -	\$ -	\$ -
Accounts payable	1,368	2,494	10,756			
Accrued interest payable						
Deferred revenue					14,853	28,649
<b>Total liabilities</b>	<b>1,368</b>	<b>15,606</b>	<b>10,756</b>		<b>14,853</b>	<b>28,649</b>
<b>Fund balances:</b>						
Reserved	155,104					
Unreserved, undesignated		1,983	300			
<b>Total fund balances</b>	<b>155,104</b>	<b>1,983</b>	<b>300</b>			
<b>Total liabilities and fund balances</b>	<b>\$ 156,472</b>	<b>\$ 17,589</b>	<b>\$ 11,056</b>	<b>\$ -</b>	<b>\$ 14,853</b>	<b>\$ 28,649</b>

**CEDAR CITY CORPORATION**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
June 30, 2006

	Special Improve #92-1	RAP Sales Tax Fund	Special Improve #95-1	Special Improve #95-2	Special Improve #96-1	Special Improve #97-1
<b>Assets:</b>						
Cash & cash equivalents	\$ -	\$ 32,196	\$ 84,753	\$ 23,029	\$ -	\$ 112,964
Special assessments receivable			14,126	94,511	26,624	112,522
Other receivables						
Pre-paid expenditures						
Due from other funds						
Total assets	<u>\$ -</u>	<u>\$ 32,196</u>	<u>\$ 98,879</u>	<u>\$ 117,540</u>	<u>\$ 26,624</u>	<u>\$ 225,486</u>
<b>Liabilities:</b>						
Cash with negative balances	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable						
Accrued interest payable						
Deferred revenue			14,126	94,511	26,624	112,522
Total liabilities			<u>14,126</u>	<u>94,511</u>	<u>26,624</u>	<u>112,522</u>
<b>Fund balances:</b>						
Reserved		32,196	84,753	23,029		112,964
Unreserved, undesignated						
Total fund balances		<u>32,196</u>	<u>84,753</u>	<u>23,029</u>		<u>112,964</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ 32,196</u>	<u>\$ 98,879</u>	<u>\$ 117,540</u>	<u>\$ 26,624</u>	<u>\$ 225,486</u>

**CEDAR CITY CORPORATION**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
June 30, 2006

	Special Improve #98-1	Special Improve Guarantee	Coal Creek Flood Control	Capital Construction	Redevelopment Agency	Library Construction
<b>Assets:</b>						
Cash & cash equivalents	\$ 930,282	\$ 320,344	\$ -	\$ 4,535,519	\$ 801,922	\$ 6,838
Special assessments receivable	667,220					
Other receivables			198,886		124,563	
Pre-paid expenditures						
Due from other funds						
<b>Total assets</b>	<b>\$ 1,597,502</b>	<b>\$ 320,344</b>	<b>\$ 198,886</b>	<b>\$ 4,535,519</b>	<b>\$ 926,485</b>	<b>\$ 6,838</b>
<b>Liabilities:</b>						
Cash with negative balances	\$ -	\$ -	\$ 97,746	\$ -	\$ -	\$ -
Accounts payable			71,092		-	1,000
Accrued interest payable						
Deferred revenue	667,220					
<b>Total liabilities</b>	<b>667,220</b>		<b>168,837</b>			<b>1,000</b>
<b>Fund balances:</b>						
Reserved	930,282	320,344	30,048	106,077	926,485	5,838
Unreserved, undesignated				4,429,442		
<b>Total fund balances</b>	<b>930,282</b>	<b>320,344</b>	<b>30,048</b>	<b>4,535,519</b>	<b>926,485</b>	<b>5,838</b>
<b>Total liabilities and fund balances</b>	<b>\$ 1,597,502</b>	<b>\$ 320,344</b>	<b>\$ 198,886</b>	<b>\$ 4,535,519</b>	<b>\$ 926,485</b>	<b>\$ 6,838</b>

**CEDAR CITY CORPORATION**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
June 30, 2006

	Aviation Way Capital Project	Cross Hollows Road	Industrial Park Phase III	Cross Hollows Event Center	Airport Construction
<b>Assets:</b>					
Cash & cash equivalents	\$ 1,149,690	\$ -	\$ -	\$ 22,307	\$ -
Special assessments receivable					
Other receivables		32,804	9,000		568,723
Pre-paid expenditures					
Due from other funds					
Total assets	<u>\$ 1,149,690</u>	<u>\$ 32,804</u>	<u>\$ 9,000</u>	<u>\$ 22,307</u>	<u>\$ 568,723</u>
<b>Liabilities:</b>					
Cash with negative balances	\$ -	\$ 32,804	\$ 9,000	\$ -	\$ 468,115
Accounts payable	206,599			3,809	4,920
Accrued interest payable					
Deferred revenue				2,500	
Total liabilities	<u>206,599</u>	<u>32,804</u>	<u>9,000</u>	<u>6,309</u>	<u>473,035</u>
<b>Fund balances:</b>					
Reserved				8,718	95,688
Unreserved, undesignated	943,091			7,280	
Total fund balances	<u>943,091</u>			<u>15,998</u>	<u>95,688</u>
Total liabilities and fund balances	<u>\$ 1,149,690</u>	<u>\$ 32,804</u>	<u>\$ 9,000</u>	<u>\$ 22,307</u>	<u>\$ 568,723</u>

**CEDAR CITY CORPORATION**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
June 30, 2006

	<b>Total Nonmajor Governmental Funds</b>
<b>Assets:</b>	
Cash & cash equivalents	\$ 11,479,663
Special assessments receivable	958,506
Other receivables	1,000,715
Pre-paid expenditures	16,189
Due from other funds	
<b>Total assets</b>	<b>\$ 13,455,074</b>
<b>Liabilities:</b>	
Cash with negative balances	\$ 620,777
Accounts payable	381,939
Accrued interest payable	
Deferred revenue	961,006
<b>Total liabilities</b>	<b>1,963,722</b>
<b>Fund balances:</b>	
Reserved	5,952,706
Unreserved, undesignated	5,538,646
<b>Total fund balances</b>	<b>11,491,352</b>
<b>Total liabilities and fund balances</b>	<b>\$ 13,455,074</b>

**CEDAR CITY CORPORATION**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
Year Ended June 30, 2006

	Airport	Downtown Parking	Transportation Impact Fees	Parks/Recreation Impact Fees	Public Safety Impact Fees	Municipal Building Authority	Task Force	Cedar Area Transit	Heritage Center	Special Debt Service	Special Improve. #1-77
<b>REVENUES:</b>											
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest earnings	3,234	2,202	60,192	64,291	17,384	-	5,435	-	-	-	-
Intergovernmental revenues	88,110	-	-	-	-	-	49,172	162,511	-	-	-
Charges for services	202,840	4,542	-	-	-	-	-	23,315	-	-	-
Miscellaneous	13,159	48,986	412,934	633,802	88,402	-	23,235	-	110,530	-	-
Total Revenues	<u>307,343</u>	<u>55,730</u>	<u>473,126</u>	<u>698,093</u>	<u>105,786</u>	-	<u>77,842</u>	<u>185,826</u>	<u>110,530</u>	-	-
<b>EXPENDITURES:</b>											
General government	-	7,832	-	-	-	1,259	-	-	-	-	-
Police protection	-	-	-	-	-	-	-	-	-	-	-
Other public safety & inspection services	-	-	-	-	5,150	-	55,226	-	-	-	-
Streets & highways	-	-	-	-	-	-	-	-	-	-	-
Parks, cemetery, and public property	-	22,687	21,350	258,239	-	-	-	-	304,674	-	-
Culture & recreation	-	-	-	-	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-	-	-	-	-
Community & economic development	-	-	-	-	-	-	-	-	-	-	-
Transportation services	248,076	-	-	-	-	-	-	251,953	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-	-	-
Debt service:	-	-	-	-	-	-	-	-	-	-	-
Principal retirements	-	-	-	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-	-	-	-
Total Expenditures	<u>248,076</u>	<u>30,519</u>	<u>21,350</u>	<u>258,239</u>	<u>5,150</u>	<u>505,000</u>	<u>55,226</u>	<u>251,953</u>	<u>304,674</u>	<u>2,966,000</u>	<u>229,360</u>
Excess of Revenues over (under) Expenditures	<u>59,267</u>	<u>25,211</u>	<u>451,776</u>	<u>439,854</u>	<u>100,636</u>	<u>(1,065,174)</u>	<u>22,615</u>	<u>(66,127)</u>	<u>(194,143)</u>	<u>(3,195,360)</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES):</b>											
Debt proceeds	-	-	-	-	-	-	-	-	-	-	-
Operating transfers in	-	-	-	-	-	-	-	-	-	-	-
Operating transfers out	-	(15,335)	(925,290)	-	(94,439)	1,074,044	-	49,753	194,144	3,139,838	-
Sale of fixed assets	-	-	-	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	<u>(15,335)</u>	<u>(925,290)</u>	-	<u>(94,439)</u>	<u>1,074,044</u>	-	<u>49,753</u>	<u>194,144</u>	<u>3,139,838</u>	-
Excess of revenues and other sources over (under) expenditures and other uses	<u>59,267</u>	<u>9,876</u>	<u>(473,514)</u>	<u>439,854</u>	<u>6,197</u>	<u>8,870</u>	<u>22,615</u>	<u>(16,374)</u>	<u>300</u>	<u>(55,522)</u>	<u>55,522</u>
FUND BALANCES JULY 1	88,413	47,920	1,390,569	1,301,189	399,089	-	132,489	18,357	-	-	-
FUND BALANCES JUNE 30	<u>\$ 147,680</u>	<u>\$ 57,796</u>	<u>\$ 917,055</u>	<u>\$ 1,741,043</u>	<u>\$ 405,286</u>	<u>\$ 8,870</u>	<u>\$ 155,104</u>	<u>\$ 1,983</u>	<u>\$ 300</u>	<u>\$ -</u>	<u>\$ -</u>



**CEDAR CITY CORPORATION**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
Nonmajor Governmental Funds  
Year Ended June 30, 2006

	Special Improve #84-1	Special Improve #92-1	RAP Sales Tax Fund	Special Improve #95-1	Special Improve #95-2	Special Improve #96-1	Special Improve #97-1	Special Improve #98-1	Special Improve Guarantee	Coal Creek Flood Control	Capital Construction
<b>REVENUES:</b>											
Taxes	\$ -	\$ -	\$ 32,054	\$ 3,813	\$ -	\$ 2,019	\$ 4,846	\$ 33,617	\$ 17,121	\$ -	\$ -
Interest earnings	-	-	142	-	-	-	-	-	-	-	72,837
Intergovernmental revenues										276,180	
Charges for services											
Miscellaneous		9,537		24,860	90,471	13,973	46,160	502,227			
Total Revenues		9,537	32,196	28,673	92,391	15,992	51,006	535,844	17,121	276,180	72,837
<b>EXPENDITURES:</b>											
General government											
Police protection											
Other public safety & inspection services											
Streets & highways											
Parks, cemetery, and public property											
Culture & recreation											
Public works											
Community & economic development											
Transportation services											
Capital outlay											
Debt service:										269,717	
Principal retirements				41,000	62,000	94,000	51,000	190,000			
Interest and fiscal charges				2,458	7,362	15,148	10,862	71,530			
Total Expenditures				43,458	69,362	109,148	61,862	261,530		269,717	
Excess of Revenues over (under) Expenditures		9,537	32,196	(14,785)	23,029	(93,157)	(10,856)	274,314	17,121	6,463	72,837
<b>OTHER FINANCING SOURCES (USES):</b>											
Debt proceeds											
Operating transfers in						28,604			100,073		2,749,396
Operating transfers out		(9,537)							(178,000)		(320,154)
Sale of fixed assets											
Total Other Financing Sources (Uses)		(9,537)				28,604			(77,927)		2,429,242
Excess of revenues and other sources over (under) expenditures and other uses			32,196	(14,785)	23,029	(64,552)	(10,856)	274,314	(60,806)	6,463	2,502,079
<b>FUND BALANCES JULY 1</b>											
				99,538		64,552	123,820	655,967	381,150	23,585	2,033,440
<b>FUND BALANCES JUNE 30</b>	\$ -	\$ -	\$ 32,196	\$ 84,753	\$ 23,029	\$ -	\$ 112,964	\$ 930,282	\$ 320,344	\$ 30,048	\$ 4,535,519

**CEDAR CITY CORPORATION**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
Year Ended June 30, 2006

	Redevelopment Agency	Library Construction	Aviation Way Capital Project	Cross Hollows Road	Industrial Park Phase III	Cross Hollows Event Center	Airport Construction	Nonmajor Governmental Funds
<b>REVENUES:</b>								
Taxes	\$ 713,063	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 745,117
Interest earnings	35,747	8,204				2	15,614	348,620
Intergovernmental revenues					181,690		1,040,837	1,798,499
Charges for services								230,698
Miscellaneous	316,090	16,788				83,248		2,434,402
Total Revenues	<u>1,064,900</u>	<u>24,992</u>			<u>181,690</u>	<u>83,250</u>	<u>1,056,451</u>	<u>5,557,335</u>
<b>EXPENDITURES:</b>								
General government	21,962	1,000						32,053
Police protection								60,376
Other public safety & inspection services								
Streets & highways								302,276
Parks, cemetery, and public property						219,143		523,817
Culture & recreation								
Public works								
Community & economic development								500,029
Transportation services								3,612,564
Capital outlay	95,683	74,497	514,729		268,671		2,389,268	
Debt service:								4,708,179
Principal retirements	655,144	144,034						989,733
Interest and fiscal charges	<u>94,098</u>							<u>10,729,027</u>
Total Expenditures	<u>866,887</u>	<u>219,531</u>	<u>514,729</u>		<u>268,671</u>	<u>219,143</u>	<u>2,389,268</u>	
Excess of Revenues over (under) Expenditures	<u>198,013</u>	<u>(194,539)</u>	<u>(514,729)</u>		<u>(86,981)</u>	<u>(135,893)</u>	<u>(1,332,818)</u>	<u>(5,171,692)</u>
<b>OTHER FINANCING SOURCES (USES):</b>								
Debt proceeds								
Operating transfers in	15,335		1,457,820		94,497	75,427	276,775	9,255,706
Operating transfers out	(5,000)				(60,190)			(1,607,944)
Sale of fixed assets								
Total Other Financing Sources (Uses)	<u>10,335</u>		<u>1,457,820</u>		<u>34,307</u>	<u>75,427</u>	<u>276,775</u>	<u>7,647,761</u>
Excess of revenues and other sources over (under) expenditures and other uses	208,348	(194,539)	943,091	-	(52,674)	(60,466)	(1,056,043)	2,476,069
FUND BALANCES JULY 1	718,137	200,377	-		52,674	76,464	1,151,731	9,015,284
FUND BALANCES JUNE 30	<u>\$ 926,485</u>	<u>\$ 5,838</u>	<u>\$ 943,091</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,998</u>	<u>\$ 95,688</u>	<u>\$ 11,491,352</u>

**CEDAR CITY CORPORATION**  
**Combining Statement of Net Assets**  
**Nonmajor Proprietary Funds**  
June 30, 2006

	<b>Golf Course</b>	<b>Public Works Facilities</b>	<b>Storm Drain Utility Fund</b>	<b>Solid Waste</b>	<b>Total</b>
<b>Assets</b>					
Current assets:					
Cash & cash equivalents	\$ 15,666	\$ 20,505	\$ 500,494	\$ 540,871	\$ 1,077,537
Accounts receivable (net of allowance)			14,333	52,021	66,354
Receivable from other governmental entities			262,631		262,631
<b>Total current assets</b>	<b>15,666</b>	<b>20,505</b>	<b>777,458</b>	<b>592,892</b>	<b>1,406,522</b>
Long-term assets:					
Construction in progress		524,915	71,046		595,962
<b>Capital assets, net of accumulated depreciation</b>	<b>639,243</b>	<b>298,661</b>	<b>3,449,191</b>	<b>211,296</b>	<b>4,598,391</b>
<b>Total long-term assets</b>	<b>639,243</b>	<b>823,576</b>	<b>3,520,238</b>	<b>211,296</b>	<b>5,194,353</b>
<b>Total assets</b>	<b>654,909</b>	<b>844,082</b>	<b>4,297,696</b>	<b>804,188</b>	<b>6,600,875</b>
<b>Liabilities and Net Assets</b>					
Liabilities :					
Current liabilities:					
Accounts payable	29,020	3,264	2,612	27,853	62,749
Accrued interest			2,117		2,117
Compensated absences payable	24,183		2,043	14,604	40,830
Deferred revenue	1,500				1,500
Bonds payable within one year			10,000		10,000
Due to other funds		610,238			610,238
<b>Total current liabilities</b>	<b>54,703</b>	<b>613,502</b>	<b>16,772</b>	<b>42,457</b>	<b>727,434</b>
Non-current liabilities:					
Liability for closure and post closure costs				8,885	8,885
Bonds payable after one year			117,000		117,000
<b>Total non-current liabilities:</b>	<b>-</b>	<b>-</b>	<b>117,000</b>	<b>8,885</b>	<b>125,885</b>
<b>Total liabilities</b>	<b>54,703</b>	<b>613,502</b>	<b>133,772</b>	<b>51,342</b>	<b>853,319</b>
Net assets:					
Invested in capital assets, net of related debt	639,243	213,338	3,393,238	211,296	4,457,115
Restricted for:					
Debt service	-	-			-
Other purposes			502,077	61,121	563,198
Unrestricted	(39,037)	17,242	268,610	480,429	727,243
<b>Total net assets</b>	<b>\$ 600,206</b>	<b>\$ 230,580</b>	<b>\$ 4,163,924</b>	<b>\$ 752,845</b>	<b>\$ 5,747,556</b>

**CEDAR CITY CORPORATION**  
**Combining Statement of Revenues, Expenses and Changes in Net Assets**  
**Nonmajor Proprietary Funds**  
**Year Ended June 30, 2006**

	<b>Golf Course</b>	<b>Public Works Facilities</b>	<b>Storm Drain Utility Fund</b>	<b>Solid Waste</b>	<b>Total</b>
<b>Operating revenues:</b>					
Charges for services	\$ 738,931	\$ -	\$ 152,914	\$ 331,693	\$ 1,223,538
Miscellaneous	3,127				3,127
Total operating revenues	<u>742,057</u>	<u>-</u>	<u>152,914</u>	<u>331,693</u>	<u>1,226,664</u>
<b>Operating expenses:</b>					
Salaries	278,685		31,639	100,640	410,964
Employees benefits	111,492		14,644	39,464	165,600
Utilities	31,624	22,005		452	54,081
Professional services	2,462	10	218	191	2,881
Repairs and maintenance	76,530	8,097	18,700	39,859	143,186
Insurance	3,598	1,635	1,111	3,856	10,200
Miscellaneous	45,884		4,744	4,914	55,541
Supplies	62,177	137	3,383	75,167	140,864
Bad debt expense			256	438	694
Closure and post closure expenses				8,885	8,885
Depreciation	<u>28,396</u>	<u>6,581</u>	<u>74,747</u>	<u>33,457</u>	<u>143,180</u>
Total operating expenses	<u>640,847</u>	<u>38,464</u>	<u>149,442</u>	<u>307,323</u>	<u>1,136,077</u>
Operating income (loss)	<u>101,210</u>	<u>(38,464)</u>	<u>3,472</u>	<u>24,370</u>	<u>90,587</u>
<b>Nonoperating income:</b>					
Interest earnings	655	115	12,959	22,422	36,151
Impact fees			420,674		420,674
Grant revenue			24,989		24,989
Interest & fiscal charges			(3,258)		(3,258)
Total nonoperating income	<u>655</u>	<u>115</u>	<u>455,364</u>	<u>22,422</u>	<u>478,556</u>
Income before transfers/contributions	<u>101,865</u>	<u>(38,349)</u>	<u>458,836</u>	<u>46,792</u>	<u>569,143</u>
Transfers in		273,915			273,915
Transfers out	<u>(33,000)</u>	<u>(25,325)</u>	<u>(15,525)</u>	<u>(57,095)</u>	<u>(130,945)</u>
Change in net assets	<u>68,865</u>	<u>210,241</u>	<u>443,311</u>	<u>(10,303)</u>	<u>712,114</u>
Net assets - beginning	531,341	20,339	3,720,613	763,149	5,035,442
Net assets - ending	<u>\$ 600,206</u>	<u>\$ 230,580</u>	<u>\$ 4,163,924</u>	<u>\$ 752,845</u>	<u>\$ 5,747,556</u>

**CEDAR CITY CORPORATION**  
**Combining Statement of Cash Flows**  
**Nonmajor Proprietary Funds**  
**Year Ended June 30, 2006**

	<b>Golf Course</b>	<b>Public Works Facilities</b>	<b>Storm Drain Utility Fund</b>	<b>Solid Waste</b>	<b>Total</b>
<b>Cash flows from operating activities:</b>					
Cash received from customers	\$ 748,013	\$ -	\$ 240,078	\$ 327,289	\$ 1,315,380
Cash payments to suppliers for goods and services	(230,115)	(38,238)	(32,634)	(187,249)	(488,236)
Cash payments to employees for services	(388,694)	-	(49,578)	(137,403)	(575,675)
Net cash provided (used) by operating activities	129,204	(38,238)	157,866	2,637	251,469
<b>Cash flows from noncapital financing activities:</b>					
Operating transfers to other funds	(33,000)	273,915			240,915
Cash payments to/from other funds		(25,325)	(15,525)	(57,095)	(97,945)
Net cash (used) by noncapital financing activities	(33,000)	248,590	(15,525)	(57,095)	142,970
<b>Cash flows from capital and related financing activities:</b>					
Cash received from impact fees	-		420,674		420,674
Other receipts (payments)		(22,880)	24,989		2,109
Acquisition of capital assets	(9,049)	(232,268)	(69,923)		(311,240)
Interest paid on capital debt			(3,424)		(3,424)
Principal paid on capital debt	(55,600)		(10,000)		(65,600)
Net cash (used) by capital and related activities	(64,649)	(255,148)	362,316	-	42,519
<b>Cash flows from investing activities</b>					
Interest received	655	115	12,959	22,422	36,151
Net cash (used) by investing activities	655	115	12,959	22,422	36,151
Net increase in cash and cash equivalents	32,210	(44,681)	517,616	(32,036)	473,109
<b>Cash and Cash Equivalents - Beginning</b>	(16,544)	65,186	(17,122)	572,907	604,428
<b>Cash and Cash Equivalents - Ending</b>	\$ 15,666	\$ 20,505	\$ 500,494	\$ 540,871	\$ 1,077,537
 <b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>					
Operating income (loss)	\$ 101,210	\$ (38,464)	\$ 3,472	\$ 24,370	\$ 90,587
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation expense	28,396	6,581	74,747	33,457	143,181
Increase decrease accounts receivable	(5,955)		87,164	4,481	85,690
Increase decrease in accounts payable	7,036	(6,355)	(4,222)	(62,371)	(65,912)
Increase decrease in compensated absences	(1,483)		(3,295)	2,701	(2,077)
Total adjustments	27,994	226	154,394	(21,732)	160,882
Net cash provided (used) by operating activities	\$ 129,204	\$ (38,238)	\$ 157,866	\$ 2,637	\$ 251,469

**SINGLE AUDIT SECTION**

# *Wilson & Company*

Certified Public Accountants / A Professional Corporation

## REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Honorable City Council

Cedar City, Utah

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Cedar City, Utah as of and for the year ended June 30, 2006, which collectively comprise the City's basic financial statements and have issued our report thereon dated November 29, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Cedar City, Utah's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting, which we have reported to management of Cedar City, Utah in a separate letter dated December 4, 2006.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Cedar City, Utah's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of

Cedar City, Utah  
Page 2

noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted certain matters that we reported to management of Cedar City, Utah in a separate letter dated December 4, 2006.

This report is intended solely for the information and use of the management of Cedar City, Utah, and applicable federal and state funding and auditing agencies and is not intended to be and should not be used by anyone other than these specified parties.

  
WILSON & COMPANY  
Certified Public Accountants

Cedar City, Utah  
November 29, 2006



# Wilson & Company

Certified Public Accountants / A Professional Corporation

## REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Honorable City Council

Cedar City, Utah

### Compliance

We have audited the compliance of Cedar City, Utah with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2006. Cedar City, Utah's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Cedar City, Utah's management. Our responsibility is to express an opinion on Cedar City, Utah's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Cedar City, Utah's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Cedar City, Utah's compliance with those requirements.

In our opinion, Cedar City, Utah complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2006.

### Internal Control Over Compliance

The management of Cedar City, Utah is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Cedar City, Utah's internal

control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information of Cedar City, Utah's management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these intended parties.

  
WILSON & COMPANY  
Certified Public Accountants

Cedar City, Utah  
November 29, 2006

**CEDAR CITY, UTAH**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

For the Year Ended June 30, 2006

**A. SUMMARY OF AUDIT RESULTS**

1. The auditor's report expresses an unqualified opinion on the general purpose financial statements of Cedar City, Utah.
2. No reportable conditions relating to the audit of the financial statements are reported in the Auditor's report on Internal Control and Compliance With Laws and Regulations.
3. No instances of noncompliance material to the financial statements of Cedar City, Utah were disclosed during the audit.
4. No reportable conditions relating to the audit of the major federal award programs is reported in the Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133.
5. The auditor's report on compliance for the major federal award programs for Cedar City, Utah expresses an unqualified opinion.
6. There were no findings relative to the major federal award programs for Cedar City, Utah.
7. The programs tested as major programs are: Airport Improvement Program CFDA number 20.106 and State Domestic Preparedness Equipment Support Program CFDA number 97.004.
8. The threshold for distinguishing Type A programs is the larger of \$300,000 or 3% of all federal awards expended. Type B programs are those which are the larger of \$100,000 or 3% of total federal awards expended.
9. Cedar City, Utah was determined to be a low-risk auditee.

**B. FINDINGS - FINANCIAL STATEMENT AUDIT**

None.

**C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT**

None.

**CEDAR CITY CORPORATION**  
**SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Year Ended June 30, 2006**

<u>Federal Assistance Programs</u>	<u>CFDA Number</u>	<u>Grantor Agency</u>	<u>Direct or Indirect</u>	<u>Amount of Expenditures</u>
<u>Agency\Program Grant Title</u>				
<u>National Foundation of The Arts and Humanities:</u>				
Grants to States	45.310	Nat'l Foundation of Arts	Indirect	\$ 360
Total National Foundation of the Arts and Humanities				360
<u>Department of Agriculture:</u>				
Watershed Protection and Flood Prevention	10.904	US Dept. of Agriculture	Direct	\$ 276,180
Total Department of Agriculture				276,180
<u>Department of Commerce:</u>				
Grants for Public Works and Economic Development Facilities	11.300	US Dept. of Commerce	Direct	\$ 181,690
Total Department of Commerce				181,690
<u>Department of Housing and Urban Development:</u>				
Community Development Block Grants/States Program	11.300	US Dept. of Housing	Indirect	\$ 74,816
Total Department of Housing and Urban Development				74,816
<u>Department of Health and Human Services:</u>				
Community Services Block Grants	11.300	US Dept. of Health	Direct	\$ 3,175
Total Department of Health and Human Services				3,175
<u>Department of Homeland Security:</u>				
Commercial Equipment Direct Assistance Program (CEDAP)	97.096	US Dept. of Homeland Security	Direct	\$ 10,000
Assistance to Firefighters Grant	97.044	US Dept. of Homeland Security	Direct	40,998
Disaster Grants - Public Assistance	97.036	US Dept. of Homeland Security	Direct	141,551
State Domestic Preparedness Equipment Support Program	97.004	US Dept. of Homeland Security	Indirect	* 386,230
Homeland Security Grant Program	97.067	US Dept. of Homeland Security	Direct	66,355
Total Department of Homeland Security				645,134
<u>Department of Interior:</u>				
National Fire Plan - Wild and Urban Interface Assistance	15.228	US Dept. of Interior	Direct	\$ 25,344
Total Department of Interior				25,344
<u>Department of Justice:</u>				
Public Safety Partnership - COPS Fast Grant	16.710	US Dept. of Justice	Direct	\$ 26,250
Public Safety Partnership - Methamphetamine Initiative	16.710	US Dept. of Justice	Direct	7,920
Edward Byrne Memorial Justice Assistance Grant Program	16.738	US Dept. of Justice	Direct	41,488
Edward Byrne Memorial Formula Grant Program	16.579	US Dept. of Justice	Direct	15,099
Total Department of Justice				90,757
<u>Department of Transportation:</u>				
Formula Grants for Other Than Urbanized Areas - CATS	20.509	US Dept. of Transportation	Direct	\$ 162,511
Airport Improvement Program	20.106	US Dept. of Transportation	Direct	* 1,040,837
Small Community Air Service Development	20.930	US Dept. of Transportation	Direct	13,698
Total Department of Transportation				1,217,046
<u>US Army Electronic Proving Ground, Special Programs Office:</u>				
Technology Transfer Program - National Drug Control Policy		US Army Electronic Proving	Direct	\$ 7,400
Total US Army Electronic Proving Ground				7,400
Total Federal Assistance				\$ 2,521,902

\* Denotes a Major Program

**CEDAR CITY, UTAH**  
**NOTES TO THE SCHEDULE OF EXPENDITURES**  
**OF FEDERAL AWARDS**  
**YEAR ENDED JUNE 30, 2006**

**NOTE 1: PURPOSE OF THE SCHEDULE**

The Schedule of Expenditures of Federal Awards presents the activity of all federal award programs of Cedar City, Utah. The City reporting entity is defined in Note 1 to the City's government-wide financial statements. All federal financial awards received directly from federal agencies as well as federal financial awards passed through from other government agencies are included on the schedule.

**NOTE 2: SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Accounting**

The information in the schedule is presented in accordance with OMB circular A-133. The schedule is prepared using the same accounting policies and basis of accounting as the basic financial statements and is described in Note 1 to the City's government-wide financial statements.

**CFDA Numbers**

OMB Circular A-133 requires the schedule to show the total expenditures for each of the entity's federal financial assistance programs as identified in the Catalog of Federal Domestic assistance (CFDA). The CFDA is a government-wide compendium of individual federal programs. Each program included in the CFDA is assigned a five-digit program identification number (CFDA number).

**COMPLIANCE SECTION**

# *Wilson & Company*

Certified Public Accountants / A Professional Corporation

**CEDAR CITY, UTAH**  
**AUDITOR'S REPORT ON COMPLIANCE WITH STATE FISCAL LAWS**  
**For the Year Ended June 30, 2006**

Honorable City Council  
Cedar City, Utah

We have audited the general purpose financial statements of Cedar City, Utah, for the year ended June 30, 2006 and have issued our report thereon dated November 29, 2006. As part of our audit, we have audited the City's compliance with the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; special tests and provisions applicable to each of its major State assistance programs as required by the State of Utah's Legal Compliance Audit Guide for the year ended June 30, 2006. The City received the following major State assistance programs from the State of Utah:

C Road Funds (Department of Transportation)  
Liquor Law Enforcement (State Tax Commission)

Our audit also included test work on the City's compliance with those general compliance requirements identified in the Compliance manual for Audits of Local Governments in Utah including:

Public Debt	Impact Fees
Cash Management	B & C Roads
Purchasing Requirements	Uniform Building Code Standards
Budgetary Compliance	
Truth in Taxation	
Liquor Law Enforcement	
Other Compliance Requirements	

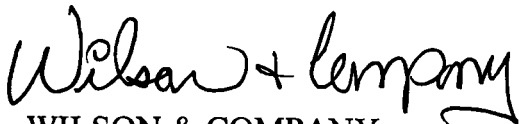
The management of Cedar City, Utah, is responsible for the City's compliance with all compliance requirements identified above. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States.

Those standards require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis evidence about the City's compliance with the requirements. We believe that our audit provides a reasonable basis for our opinion.

The results of our audit procedures disclosed no instances of noncompliance with the requirements referred to above.

In our opinion, Cedar City, Utah, complied, in all material respects, with the general compliance requirements identified above and the requirements governing types of service allowed and unallowed; eligibility; matching, level of effort, or earmarking; reporting, and special tests and provisions that are applicable to each of its major State assistance programs for the year ended June 30, 2006.



WILSON & COMPANY  
Certified Public Accountants

Cedar City, Utah  
November 29, 2006



# *Wilson & Company*

Certified Public Accountants / A Professional Corporation

December 4, 2006

Honorable City Council  
Cedar City, Utah  
110 North Main  
Cedar City, UT 84720

We have examined the financial statements of Cedar City, Utah for the year ended June 30, 2006, and have issued our report thereon dated November 29, 2006. As part of our examination, we made a study and evaluation of the City's system of internal accounting control to the extent we considered necessary to evaluate the system as required by generally accepted auditing standards. The purpose of our study and evaluation was to determine the nature, timing, and extent of the auditing procedures necessary for expressing an opinion on the City's financial statements. Our study and evaluation was more limited than would be necessary to express an opinion on the system of internal accounting control taken as a whole.

The management of Cedar City, Utah is responsible for establishing and maintaining a system of internal accounting control. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of control procedures. The objectives of a system are to provide management with reasonable, but not absolute assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles.

Because of inherent limitations in any system of internal accounting control, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

Our study and evaluation was made for the limited purpose described in the first paragraph and would not necessarily disclose all material weaknesses in the system. Accordingly, we do not express an opinion on the system of internal accounting control of Cedar City, Utah taken as a whole. However, our study and evaluation disclosed the following conditions that we believe require the City's further attention.

### Library Bond PTIF

During our exam we noted that PTIF account number 3915 which was originally set up to hold the library bond proceeds was still open with a balance at June 30, 2006 of \$29,431.

We suggest that the City transfer the remaining balance to the general PTIF account and close the library bond PTIF account out. Doing so would follow the general concept adopted by the City of limiting cash accounts.

### Check Signers-Zions Payroll Account

We noted during our exam that the mayor is not a check signer on the payroll account maintained at Zions Bank.

The City should place the mayor on the account as a check signer similar to all other bank accounts maintained by the City.

### Close out Color Country Resource and Conservation Fund

We noted during our audit that the responsibility for the Color Country Resource and Conservation Fund was transferred to other governmental agencies. We further noted that interest was earned during the year on the Color Country Resource and Conservation Fund.

We recommend that the City transfer the remaining funds to the governmental agency currently responsible for the fund and close out the Color Country Resource and Conservation Fund.

The previous conditions were considered in determining the nature, timing, and extent of the audit tests applied in our examination of the City's June 30, 2006, financial statements.

Our comments are intended to be constructive in nature. The absence of positive or complementary comments does not imply that the City operates in an inefficient or ineffective manner. We welcome the opportunity to discuss these conditions in further detail and express our appreciation to the staff for their assistance during the examination.

This report is intended solely for the use of management and the Utah State Auditors Office and should not be used for any other purpose.

Sincerely,

  
WILSON & COMPANY  
Certified Public Accountants



# CEDAR CITY

10 NORTH MAIN • CEDAR CITY, UTAH 84720  
435-586-2950 • FAX: 435-586-4362  
[www.cedarcity.org](http://www.cedarcity.org)

Mayor  
Gerald R. Sherratt

Council Members  
Nina R. Barnes  
Dale Brinkerhoff  
Jolene W. Goff  
John Westwood  
Steve Wood

City Manager  
Ronald F. Chandler

December 13, 2006

Wilson & Company  
360 West 200 North  
Cedar City, UT 84720

Dear Wilson & Company:

As a result of Cedar City Corporation's (the City's) June 30, 2006 fiscal year audit, the City responds as follows to the items in the management letter dated December 4, 2006.

## Library Bond PTIF

Once the library bond proceeds have been spent, the cash account holding those proceeds will be closed. The City anticipates that all of the bond proceeds will be spent by the end of fiscal year 2007. In the City's view, the rationale used for establishing a separate cash account for bond proceeds is still valid until those proceeds are expended for their intended purpose.

## Check Signers – Zions Payroll Account

The Mayor has been added as a check signer to the payroll account.

## Close out Color Country Resource and Conservation Fund

The remaining balance in the Color Country Resource and Conservation Fund has been transferred to the new agent entity.

If the City can be of further assistance or provide additional information relative to these findings, please call me at 865-5104.

Sincerely,

Jace P. Bunting, CPA  
Finance Director